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ECONOMIC AFFAIRS

No. 234

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CHINA REPORT

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NATIONAL POLICY AND ISSUES

COMPLETE OVERHAUL OF STATE INDUSTRIAL ENTERPRISES DISCUSSED

Beijing GONGREN RIBAO in Chinese 8, 9, 11, 18 Feb 82

[8 Feb 82 p 1]

[First of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "Why Do State-Operated Industrial Enterprises Need To Be Completely Overhauled?"]

[Text] Editor's Note: It has been decided by the Party Central Committee and the State Council to completely overhaul the state-operated industrial enterprises stage by stage and group by group, systematically, according to a plan within 2 or 3 years starting this year. To enable the vast number of cadres and employees of the enterprises to understand the significance, scope, purpose, procedure and methods of the complete overhaul, we have compiled a set of materials, "A Discussion with Employees on Reorganization," to be published today and on subsequent days.

In order to further implement the party's policy to reorganize, reform, put in good order and improve the national economy so as to make the best use of the potential strength of the state-operated industrial enterprises, to increase the economic benefits and to bring about a basic change in our national economy for the better, the Party Central Committee and the State Council have decided to completely overhaul the state-operated industrial enterprises stage by stage and group by group, systematically, according to a plan and in a coordinated manner, within 2 or 3 years beginning this year.

Since the state-operated industrial enterprises were already overhauled according to the party's readjustment, restructuring, reorganization and upgrading policy following the Third Plenary Session of the 11th Party Central Committee, why is it necessary to exert so much effort to put them in order now?

Since the founding of the republic 32 years ago, under the party's guidance and with the concerted efforts of the entire people, our state-operated industrial enterprises have established 2,000 large-scale key industries and 81,000 small and medium-sized enterprises. These enterprises now own 350 billion yuan in fixed assets and pay the state over 86 billion yuan in taxes, representing

80 percent of the total amount of taxes paid by the industrial and communications enterprises of the entire nation. The state-operated industrial enterprises are the lifeline of the national economy. The enthusiasm and performance of the rank-and-file employees of these enterprises, as well as the economic benefits engendered by the productive operations, have a determining effect on our socialist modernizations.

Despite certain setbacks encountered in the course of the past 10 years, our state-operated industrial enterprises, with the full support of all their employees, have on the whole continued to advance, made significant contributions to the nation and learned some valuable lessons from their experiences. During the 10-year period of unrest, severe damage was done to the regulations and systems which had proved to be effective and to the excellent tradition of the enterprises. Since the Third Plenary Session of the 11th Party Central Committee, the enterprises under the various departments in the various areas underwent certain readjustments and achieved certain results. They played a positive role in restoring production, stabilizing the economy, increasing financial returns and making readjustments. According to an analysis of the 25,000 state-operated enterprises, a good job of readjustment was done in 25 percent of the enterprises, mediocre work was done in 60 percent of the enterprises, while 15 percent of the enterprises were plagued by a lack of proper readjustment, confusion in management and other serious problems. Even among the enterprises where good work was done in readjustment, a great deal more needed to be done in order to meet the standard for the management of modern socialist enterprises. At the present time, the enterprises are characterized in varying degrees by a weak and dispirited attitude and a lack of enthusiasm on the part of those in leadership positions, a weakness in ideological and political work, the overlapping of organizations, overstaffing, a laxity in labor discipline, low quality of products, serious waste, and extremely low economic returns. According to figures covering the period January to November 1981, the labor productivity rate for the entire body of workers in the state-operated industries showed a 3.2-percent decrease compared with the same period the previous year, net profits decreased by 8.4 percent, the cost increased by 1.1 percent and the number of enterprises which suffered losses increased from 24.1 to 31.8 percent. It is particularly worthy of note that certain questionable people in leadership positions in a small number of enterprises, under the baleful influence of capitalism, have resorted to corrupt practices, acts in violation of financial and economic discipline, misrepresentation and falsification, evasion and withholding of taxes, withholding of profits which should go to the state, seeking illicit personal gains, corruption and bribery. Unless these problems are adequately resolved, it will not be possible to bring about a basic improvement in the national economy, not to mention the need to make our enterprises truly enterprises for socialist modernization that are capable of accomplishing the historic mission of implementing the four modernizations.

[9 Feb 82 p 2]

[Second of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "The Extent of and Chief Methods for the Complete Overhaul of Enterprises"]

[Text] It has been said that overhauling the enterprises is the same as overhauling the leadership. It has also been said that overhauling the enterprises means overhauling the workers. Both of these views are erroneous. The complete overhaul of the enterprises entails the overall overhauling of the work of the enterprises. It includes the overhauling of those in leadership positions, the rank-and-file workers, the administrative system, labor discipline, financial and economic discipline, the party workstyle and ideological and political work. At the present time, our efforts should be directed toward the accomplishment of the following tasks in order to bring about higher economic returns: First, we should put in good order and perfect the economic responsibility system, improve the administration of the operations of the enterprises, do a good job of setting up an overall plan, insure that the products come up to standard and pay attention to the work of making economic forecasts. Second, we should put in good order and strengthen labor discipline and strictly enforce the system of giving rewards and meting out punishment. Third, we should put economic discipline and the financial accounting system in good order. Fourth, we should put labor organizations in good order, organize production on the basis of the size of the labor force and the production quota, provide training to all the workers according to a plan, and make a determined effort to overcome the problems of overstaffing and the lack of dedication in workstyle. Fifth, we should overhaul and establish a corps of leadership personnel and strengthen the ideological and political education of the workers. It is by the adoption of these corrective measures that it is possible to resolve the various problems existing among the industrial enterprises, to enable the enterprises to accomplish their various tasks and to find a way to develop the national economy.

The cadres and employees of state-operated industrial enterprises are in the main of a high caliber. The work of putting the enterprises in good order must be carried out by the existing corps of leadership personnel, the employees and the masses under the leadership of the party organizations of the enterprises. In the process of reorganization and the elimination of certain serious problems, those in leadership positions who have proved themselves unequal to their tasks should be reassigned to jobs for which they are better qualified.

The overhauling of the enterprises is of a constructive nature. Aside from tackling the work listed above in order to achieve higher economic returns, it is also necessary to have a system and an overall plan for construction. To meet the basic needs of the enterprises in undertaking the work of overhauling and construction, it is necessary to engage in the three constructions and to meet the six demands.

By the three constructions is meant the gradual establishment, through the overhauling of the enterprises, of a leadership setup that is both democratic and centralized, the gradual establishment of a corps of rank-and-file employees that is both red and expert, and the gradual establishment of a management system that is scientific and up-to-date.

By the six demands is meant, through the three constructions, the enabling of the enterprises to establish a correct economic link among the nation, the enterprises and the employees; to fulfill the national plan in an outstanding manner; and to become "six good enterprises" that are good in taking care of the needs of the nation, the enterprises and the employees; good in maintaining the high quality of the products; good in achieving economic benefits; good in labor discipline; good in modern production; and good in engaging in political work.

The work of completely overhauling the enterprises is to be carried out both selectively and on a general basis. Although only a few enterprises have been specifically singled out to undergo overhauling this year, it is also necessary to do a good job of overhauling all the enterprises as a whole. The enterprises must, in keeping with the spirit of the "Report on the Need for the Industries to Emulate Daqing" issued by the Central Committee to the National Economic Commission, engage in depth and in detail in the work of ideological education and make known the fine qualities, the glorious revolutionary tradition and the great historical mission of China's labor class so that the vast number of employees, fortified by the knowledge that they are their own masters, may participate effectively and in a positive manner in the work of overhauling the enterprises. All those concerned should be encouraged to learn from the progressive areas, the progressive businesses, the progressive units and progressive personages. They should acquire scientific skills, regard the experts as their teachers, and fully mobilize the vast number of employees to emulate the veterans, to learn from the veterans, to catch up with the veterans, to lend a helping hand to the newcomers, to create a climate of enthusiasm for the establishment of "six good enterprises," and to give an impetus to the work of overhauling the enterprises and other kinds of work that need to be accomplished.

[11 Feb 82 p 2]

[Third of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "The Need To Overhaul and Perfect the Economic Responsibility System and To Improve the Management of the Operation of the Enterprises"]

[Text] The chief objectives in overhauling the enterprises are to put in good order and perfect the economic responsibility system, to improve the management of operations, to do a good job of overall planning, to maintain a high standard of quality and to engage in the work of making economic forecasts.

In accordance with the policy of enlarging the autonomous powers of the enterprises on a trial basis decided upon some years ago, our industrial enterprises began to put into effect the economic responsibility system in 1981. Depending on the circumstances of the various enterprises, such measures as the retention of profits, the profit and loss contract system, the payment of taxes in lieu of profits, and the assumption of responsibility for profits and losses were adopted to establish a link between the economic benefits of the employees and their economic responsibilities and contributions. Initial results show that these measures have served to overcome the longstanding and undesirable mentality of "eating out of the big pot," to eliminate practices which represented

egalitarianism and to motivate the enterprises and employees to give full play to their potential, to improve the management of operations and to increase economic benefits. Many profit-making enterprises have continued to make further gains, while a number of enterprises which had been operating in the red started to show profits within a short period. A large number of heavy industries, in which the range of products had been drastically reduced in the course of readjustment, have begun to operate at a profit by adjusting the make-up of their products, by redirecting their services to new clients and by adopting new methods of production. Actual results achieved during the past year have proved the effectiveness of the economic responsibility system.

However, the implementation of the economic responsibility system, like anything that is new, has brought certain problems to the surface. The main problem at present is that some enterprises tend to circumvent the stipulations of the national plan regarding the volume of production, the types of products, the quality of the products, the expenses, the cost, the rate of productive labor and the fulfillment of contract obligations. With their eyes on profitmaking, these enterprises tend to direct their efforts to projects which bring the highest profits and to ignore the less profitable projects, thus creating an imbalance between production and demand, producing a large volume of products of poor quality, increasing prices under false representation, and creating a situation where the financial burden is passed on to the consumer. Concerned solely with benefits to a few and oblivious to their responsibility to the state, these enterprises deliberately lower the base contract figures to the minimum, increase the gap between profits and costs, and appropriate for themselves what rightfully belongs to the state. Some enterprises, interested only in the signing of contracts at the various levels, fail to insist on the fulfillment of responsibilities by the various levels and units and to properly set up the necessary regulations and evaluation systems, thus creating a dislocation among responsibility, authority and profit. Some enterprises, instead of using retained profits chiefly for production development and the increasing of collective benefits, use an excessive amount for increasing the payment of bonuses. These problems may be attributed to the short time that the responsibility system has been in effect, the rapid pace of its adoption, the lack of experience and the fact that the people have yet to understand and appreciate the overall significance of the system, rather than to the implementation of the system itself. The problem can easily be solved once it is given the attention it deserves by all concerned.

Experience gained in various areas points to the fact that emphasis should be placed on the following in order to continue to perfect and develop the economic responsibility system in a healthy manner:

First, it is necessary to define the economic responsibilities of the enterprises to the state and those of the employees to the enterprises. Regardless of what form the responsibility system takes, consideration must be given to the overall situation, and a link must be established between the amount of profits on the one hand, and the quality of products, the type of products, the volume of production, the cost, the expenses, the safety measures and the terms of contracts for delivery of products, on the other. It is essential to raise the quality and to reduce the cost of the products, to insure the implementation of the overall national plan and to avoid creating an imbalance between production and demand by recklessly increasing production with the sole objective of increasing profits.

Second, it is essential to place emphasis on the implementation of the responsibility system within the enterprises themselves, to establish in a healthy manner a system of responsibility for those in leadership positions and the concerned organizations, the staffs and the workers to insure that the workers are assigned to the proper jobs and that the jobs carry with them the designated responsibilities. In order to establish a healthy productive, technical and economic administration system, it is especially important to strengthen the production control by a system of norms and the estimation of production costs. The system of giving to each according to his work must be adopted to insure that every employee in every workshop and every unit discharges his responsibilities and to motivate the masses to exploit to the full the potentialities within the enterprises, to improve the management of operations and to bring higher economic benefits.

Third, it is essential to establish a proper ratio of benefits to the state, the group and the individual, and a link between the base contract figures and extra profits. Measures must be taken to insure that the state and the enterprises receive a fair share of the extra profits. Bonuses should be increased or decreased in proportion to the increase or decrease in production. The level of increase in bonuses should be lower than that of the increased production and profits. The enterprises themselves must set a balanced advanced quota. Wages must not be raised in proportion to the unit's production costs. The piecework wage system may be adopted if it is arranged by a circumstances, but it must be studied and approved before being adopted. Those enterprises which have already adopted the piecework wage system must put it in good order. Wages paid to workers must not be raised to too high a level within too short a time. It is necessary to look forward and backward and to make use of profits to make up for deficits.

The proper implementation of the above measures, the continuous upgrading of our understanding, the derivation of value lessons from our experiences and the perfection of the various methods will result in the healthy development of the economic responsibility system and contribute greatly to the development of production.

[16 Feb 82 p 2]

[Fourth of five articles by Luo Yuanming [5012 0337 2494] and Luan Zhongxin [2940 1813 0207]: "Consolidate and Strengthen Labor Discipline, Strictly Enforce the System of Reward and Punishment"]

[Text] Socialist labor discipline means a set of behavioral regulations which the broad masses of laborers must observe in working together under the system of public ownership of the means of production in order to protect public interest and to insure the normal progress of production and construction. Its basic substance includes submission to the organization in the assignment of duties, observance of the various systems set up in their own units (such as the system of job responsibility and the regulations regarding technical performance and safety in production, protection of equipment, attendance and so forth), guarding state secrets, and so forth. This is a prerequisite for the harmonious and smooth progress of production toward

planned goals. Modern large-scale social production requires laborers of many departments for different types of work and according to different work procedures, and these laborers must work together in harmony according to the objective requirements of production and technology. This calls for even stricter labor discipline. It was through the collective labor in production, based on cooperation through the division of work, that a keen sense of organizational discipline has been cultivated in the working class which has thus become an advanced class and the embodiment of advanced productive forces.

Since the founding of new China, the working class and the broad masses of laborers have become masters of the country. They are taking part in socialist labor with a keen sense of responsibility, and the vast majority of them can conscientiously observe labor discipline and maintain good production and work orders, thus insuring the smooth progress of socialist construction. However, because of the ideological influence of the exploiting class and the force of old habits which still exist, there have been violations and disruptions of labor discipline. During the 10 years of turmoil, Lin Biao and the "gang of four" incited anarchism and called the necessary rules and regulations "control, restriction and suppression" of the workers, while those who protected and conscientiously observed labor discipline were slandered as "conservatives." Thus the rules and regulations and the strict labor discipline set up in many years were seriously disrupted, and some people's concept of discipline became weakened. Although these rules and regulations have been restored, labor discipline has not returned to its highest level because many new young workers have not received intensive technical or vocational training or strict educational discipline before starting work, and the leadership of some enterprises is weak and lax, or afraid to exercise any control. This lack of labor discipline is shown by noncompliance with the work system, coming on duty late and leaving early, and passive idleness; the frequent requests for leave of absence, neglecting work for no reason, or, in some cases, obtaining sick leave certificates by fraudulent means and tailoring these certificates. It also may be seen in refusal to accept assigned jobs, to follow directions or to observe the regulations in work, which results in the production of rejects, damage to equipment, suspension of production, and disabling people in cases of occupational negligence; helping oneself to public property, graft, embezzlement, speculation and profiteering, gambling, fighting and other hooligan activities which sometimes lead to the committing of crimes. All these problems have seriously corroded the ranks of workers, disrupted normal production procedures, and affected production efficiency, economic results and social stability and unit. If not promptly solved, these problems will become serious obstacles to the progress of the four modernizations.

In consolidating labor discipline, we should mainly stress education and implement the policy of "learning from past mistakes to avoid future ones and curing the sickness to save the patient." All enterprises should constantly carry out education in law and discipline among the workers, particularly the young and new workers. Relying on the masses, they should set up and perfect the relevant rules and regulations, factory rules and rules for workers in the light of actual conditions in the unit; and strictly enforce them. Those conscientiously observing labor discipline should be commended or rewarded; those violating labor discipline should be patiently educated so that they can be helped to turn over a new leaf; and the small number of

workers who have seriously violated law and discipline and refuse to mend their ways even after repeated education, must receive disciplinary action or be dismissed according to the seriousness of the case.

Consolidating labor discipline is an important matter for the enterprise's production and the workers' ranks. The broad masses of workers and staff members must display their keen sense of responsibility as masters of the country by taking an active part in this work. First they must recognize the importance and necessity of the consolidation of labor discipline, be more eager to uphold labor discipline, and resolutely to combat all violations of labor discipline. They must form the idea that observance of labor discipline is an honor, while violation of its is a disgrace. Secondly, the Communist Party members, old workers and model workers should play a resolute and leading role in observing labor discipline, and should carefully pass their experiences to and help and lead the young workers. Thirdly, all workers and staff members, particularly the young ones should study diligently so that they can be aware of the glorious tradition and the historical mission of the Chinese working class and of the basic requirements of labor discipline, and the requirements of their own jobs in production and technology. They should try to become fine workers who are ideologically advanced, technically expert, strict in observing discipline, and eager to cooperate in unity.

If all the workers and staff members will rise in action and participate in the struggle to consolidate labor discipline, they will be able quickly to change the complexion of the enterprise and promote the development of production and construction.

[18 Feb 82 p 2]

[Fifth of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "There is Need To Enforce Financial and Economic Discipline and To Establish a Better Accounting System"]

[Text] Financial and economic discipline represent a yardstick set by the nation for strict observance by the various economic departments, areas, units and individuals in their economic activities to safeguard the financial interests of the state and to insure the proper use of the funds of the nation. Financial and economic discipline requires that the concerned departments and units pay to the state the full amount of taxes, profits and other funds in time according to the financial system, to use their funds for the stipulated purposes, to refrain from keeping and using taxes and profits which belong to the state, to refrain from using bank loans and working capital for basic construction, to refrain from falsifying costs and incurring unwarranted operational expenses, to refrain from seeking to obtain state funds under false pretenses, to refrain from giving dinners and gifts, to refrain from pretension and waste, and to refrain from paying excessive amounts as bonuses and subsidies.

Many enterprises have recently instituted readjustments which have resulted in better financial accounting and better financial and economic discipline. However, there are also enterprises which continue to violate financial and economic discipline and to withhold what belongs to the state, chiefly by overstating costs, by evading and withholding the payment of taxes, by raising the foreign exchange rate without authorization and by taking it upon themselves to operate large collective enterprises.

They magnify costs by dipping into special funds, by withdrawing expenses in advance and by putting special funds for basic construction in the cost column. Under the pretext of entertaining foreign guests and "clients," they contribute to enormous waste by indulging in wining and dining and the giving of gifts at the expense of the state. It has even become commonplace for some enterprises to resort to ingenious means to pay excessive bonuses, subsidies and payments in kind for the benefit of the enterprises and their employees. Even more serious is the fact that a few of the enterprises in the cities and towns and those operated by the production teams in the communes have become "a source of profit for the concerned cadres, a means for reporting expenses for wining and dining, and a veritable gold mine for taking care of the needs of one's family members." Such practices not only drastically reduce the income of the state, but also damage the party's workstyle, erode the morals of rank-and-file employees, and create opportunities to unlawful elements to engage in criminal activities. Unless financial and economic discipline is strictly enforced, the work of economic readjustment cannot be carried out smoothly and the establishment of a socialist spiritual and material civilization will be seriously impaired. It is for this reason that it is of paramount importance that financial and economic discipline should be enforced to bring about an overall readjustment of the enterprises.

The vast number of employees, as masters of the enterprises, are in a good position to know how well financial and economic discipline is being enforced by the enterprises and are best qualified to speak their minds. In order to bring about better financial and economic discipline, the employees must direct their attention to the following:

First, they must heighten their ideological awareness and wage a struggle against practices in violation of financial and economic discipline. The vast number of employees must be fully aware of the fact that the fixed assets and the working capital of the industrial enterprises belong to the state and that they are not to be appropriated by anybody. They should fully understand that profit made by the enterprises must be shared as stipulated, and that it is in violation of the law to appropriate for oneself what belongs to the public. The vast number of employees, particularly those responsible for accounting, must firmly uphold the inviolability of the financial assets and interests of the state, make a conscientious effort to observe financial and economic discipline, and be prepared to wage a determined struggle against activities which are in violation of financial and economic discipline.

Second, they must assist and supervise those in leadership positions in launching a massive investigation into the financial and economic discipline of the enterprises. The purpose of the investigation is to sum up the experiences in intensifying the effort to get the progressive enterprises to strengthen their financial administration and to bring about higher economic benefits, to perfect the system, to plug up loopholes, to educate the cadres in the need to observe rules and regulations, and to take into consideration the interests of the whole in order to put an end to practices which contribute to the state's financial losses and which are in violation of financial and economic discipline.

Third, they must assist those in leadership positions in investigating irregularities which have been brought to light. The purpose of the investigation is to educate through criticism those who are guilty of committing errors of a general nature and to mete out punishment to those who abuse their positions to reap personal benefits and who are guilty of corruption and larceny. Those enterprises which voluntarily admit to wrongdoing should be dealt with leniently, while those which cover up or deny their wrongdoings should be severely dealt with. Leadership cadres and financial personnel of the enterprises who violate financial and economic discipline must be dealt with severely and held economically and legally accountable. Those who are exemplary in the observance of financial and economic discipline and who are zealous in protecting the financial assets of the state should be given citations and rewards.

Fourth, they must, on the basis of their investigation, bring about changes for the better through the congresses of employee representatives. In the process of investigating violations of financial and economic discipline, they must analyze seriously the causes that give rise to such violations and seek to find a solution to the problem in time and in an appropriate manner.

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ECONOMIC PLANNING

GOVERNMENT NOTICE ON ECONOMIC RESPONSIBILITY SYSTEM ISSUED

Hangzhou ZHEJIANG RIBAO in Chinese 11 Feb 82 p 1

[Article by staff correspondent: "Further Improve the System of Economic Responsibility for Industrial Production; Notice Issued by Provincial People's Government"]

[Text] Recently the provincial people's government issued a notice relaying the "Specific Views on the Implementation of the State Council's Provisional Regulations Concerning Certain Problems in Adopting the System of Economic Responsibility for Industrial Production" of the provincial economic commission, the finance department and the labor bureau proposing suitable measures for further improving the system of economic responsibility.

On the basis of a summation of practical experiences, the "Specific Views" decided that beginning from this year, the enterprises and the departments in charge practicing the system of economic responsibility should adopt the following methods: (1) Retention of base profit in addition to sharing increased profit; (2) Sharing of total profit; (3) Sharing of above-plan profit; (4) Responsibility for profit quotas; (5) Responsibility for loss; and (6) Paying taxes instead of handing over profits, and assuming responsibility for profits and losses. Each enterprise can choose only one of these six methods, and no more than one. A policy of encouragement and support should be adopted in dealing with mines and the enterprises producing goods in short supply and yielding low profits, and minor commodities. In stipulating the ratios of profit sharing, the base figure of profit and the ratio of sharing above quota profits, special considerations should be given to these enterprises. At the same time, regarding the relations of distribution within enterprises, specific regulations have been worked out concerning piecework wages, and above-quota piecework wages and the levels of bonuses.

The "Specific Views" strongly pointed out: The enterprises practicing the system of economic responsibility must insure the overall fulfillment of state plans, produce according to social needs, constantly improve the quality of products, increase the designs and varieties, lower the production costs, and achieve better economic results. The departments in charge should set standards for evaluation according to the characteristics of enterprises in different trades, and carry out comprehensive evaluations of the way in which the enterprises fulfill state plans. The enterprises practicing the system

of economic responsibility should strictly carry out the state's economic policies and observe the financial and economic disciplines. The finance department, banks and other departments should strengthen their financial supervision in collaboration with the departments in charge of the enterprises, and conduct periodical inspections on how the enterprises are observing the financial and economic disciplines. The enterprises' legitimate interest should be protected and those who are scrupulous in the observance of law and discipline should be commended. In the case of illegal acts and violations of financial and economic disciplines, the leading persons and the personnel concerned must be held economically or even legally liable, depending on the seriousness of the offense, besides repossessing their illegal economic gains.

The "Specific Views" pointed out: Suitable guidance should be provided in the adoption of an economic responsibility system so as to arouse the enthusiasm of the masses to improve their management, to carry out technical transformation well, and to achieve better economic results. At the same time, ideological and political work should be stepped up, and spiritual encouragement should be combined with material incentives so that the broad masses of cadres and workers will understand that while the task of national economic readjustment is still very heavy at present, the enterprises' retained profits cannot be excessive, while the individual income should be controlled. Since the working class is the master of the country, each worker should correctly handle the relationship between the state, the enterprise and the individuals, set right the relationships between immediate and long-range interests and between partial and overall interests, enhance their sense of being masters of their own affairs, and devote their main energy to the development of production so as to make greater contributions to the state.

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CSO: 4006/365

ECONOMIC MANAGEMENT

CRACKDOWN ON ECONOMIC CRIMES URGED

Guangzhou NANFANG RIBAO in Chinese 10 Mar 82 p 1

[Commentator's Article: "The Need to Tighten the Rules and Stop Up All the Loopholes in Ideology"]

[Text] Cracking down on criminal activities in the economic field is one of the problems which the party Central Committee is determined to solve this year. Recently, there have been many areas in our province where due to the stern handling of illegal and undisciplined incidents in the economic sphere and other fields, the people were greatly satisfied and inspired with enthusiasm. This fully proves the correctness of the party Central Committee's policy decisions. Therefore, we must resolutely carry this struggle to the end.

Criminals in the economic field have one characteristic in common--they seek private gain through power. As soon as they have power, they use it to increase their own personal interests. Moreover, more often than not, when you give them an inch, they will take a mile since they are so insatiably greedy. The deputy bureau chief for the Zhaoqing Prefecture Transport Bureau, Qiu Cai [6726 2088] was a case in point. As soon as he took over as deputy director, he could not wait to come out into the open. From stealing and reselling steel materials at a profit, he graduated to reselling all the materials in his charge. He embezzled 63 yuan by selling steel materials and then went on to embezzle more than 6,000 yuan. Therefore, our party organizations at all levels must learn a lesson from these cases. They must carry out conscientious ideological education for our cadres, making everyone, from an ideological point of view, build up an anticorrosive "great wall of steel." We must make all cadres clearly understand from an ideological standpoint that all the power we have in our hands is given by the party and the people. We should honestly and conscientiously use this power to guard the interests of the party and the people. Under no circumstances should we misuse this power to seek private gain. Otherwise, we would give the decadent ideology of capitalism an opportunity to exploit through the gap opened up in our ideology and we would be gradually struck down by sugar-coated bullets.

A major reason why the criminals in the economic field, such as Qiu Cai and his ilk, are able to seek private gains through power is that they make use

of the weakness found in a number of our units where the management is not good and where the rules are not strict. Accordingly, they can fish in troubled waters. Due to the effects of the 10 years of turmoil, a number of our units have a lot of loopholes in their management and in their rules. As government and party cadres, of course we should conscientiously stop up all the loopholes. But Qiu Cai not only did not patch up any loophole, he in fact created confusion and undermined the very foundation of socialism, which is even more loathsome. These types of grubs and worms must be resolutely punished according to law. Of course, we will also want zealously to learn lessons from these kinds of cases. In addition to first plugging the loopholes from an ideological standpoint, we must earnestly establish and perfect all types of rules and regulations, strengthen management and administration, and thereby plug all the loopholes through management and the system. We should see that the special policies and flexible measures implemented in our province, with regard to economic work, must be handled both in a flexible manner; and, managed strictly. At present, there are many units which, as soon as "flexible" is mentioned, will conclude that the "stretching" of the rules and regulations can be very broad. This is incorrect. For example, some units stipulate that a specific remuneration may be given to an enterprise to market slow-selling products, but they do not concretely stipulate how these sales should be promoted. Thereupon, some people adopt the manner of "the Eight Mortals crossing the sea, each one showing his or her special prowess" and try to establish relations with each other or switch to adopt the tactics of "making a secret substitution," and transfer the losses to the state. Thus people like Qiu Cai will continue to exploit opportunity until we establish complete and strict rules and regulations. Of course, we cannot count on immediately killing off the evil practice of seeking private gain thru power with one regulation. But, strict rules and regulations, at least will make many people feel apprehensive and be hesitant about acting wantonly when they engage in evil practices and will make all people be bold and assured and have a precedent they can follow when they carry out supervision. All of our cadres, especially the leading cadres at all levels, should come forth and take part in the job of plugging up the loopholes.

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ECONOMIC MANAGEMENT

PROBLEMS IN SYSTEM OF RESPONSIBILITY FOR MANAGEMENT DISCUSSED

Beijing SHANGYE KUAIJI [BUSINESS ACCOUNTING] in Chinese No 2, 10 Feb 82
pp 4-7

[Article by Ren Jiliang [0117 4949 0081]: "Several Theoretical Problems in Adopting the System of Responsibility for Management--On Studying Lenin's Notes on the Relevant Theories"]

[Text] Adoption of the system of responsibility in socialist commerce is an important reform for the purpose of raising the level of commercial enterprise management. As the term responsibility for management implies, the enterprise has to assume economic and, most important still, political responsibilities to the state, while the workers have to assume the same responsibilities to the enterprise. In addition to the enterprise's economic interests, they should be even more concerned with the economic interests of the state and the people; and in addition to the quantities of their tasks, they should also fulfill the targets relating to the quality of their tasks. Therefore, adoption of the system of responsibility for management in socialist commerce is helpful to the enterprise in expanding commodity circulation, improving its business management, raising the standard of service, economizing on circulation expenses, increasing its profits and the all-round fulfillment of state plans. It also helps promote industrial and agricultural production, increase state revenues, stabilize market prices, raise the people's standard of living, and consolidate the worker-peasant alliance for the state and the people. The sum total of all these functions should be the result of the adoption of the system of responsibility for management.

In practicing the system of responsibility for management, the enterprise should be given certain rights of management, while both the enterprise and the workers should be entitled to certain economic benefits in order that there may be an organic integration of responsibilities, rights and interests as an encouragement to the enterprise and the workers in doing their commercial work well. This is what the party demands in accordance with the general trend and the popular will. We must fully recognize the great and profound significance in the adoption of the system of responsibility for management.

But how should this work be properly carried out? We are still in the exploratory stage and further efforts are required in this direction so that we can accumulate our experiences and gradually improve our work. We should

also have a clear theoretical knowledge of its theoretical significance so that we can guide our practice with theory, avoid the wrong path, and achieve even better results.

Here are some tentative ideas based on the study of Lenin's basic theses on the system of responsibility.

I. System of Responsibility for Management Should Be Based on Political and Economic Unity

Politics and economics are inseparably related to each other, with politics in the first place. This has already become the basic knowledge of Marxism-Leninism. Politics is important for the following reasons:

First, the party's policies and tactics determine the direction and character of all activities. Lenin said: "By the party's tactics, we mean the party's political conduct, or character, direction and methods of its political activities,"¹ In adopting the system of responsibility for management today, we must stress its political role, its political and economic unity, and, first of all, the need to firmly adhere to the socialist orientation. In the past several years, some articles have stressed only profits as the criterion for assessing economic results, and held that only thus can economic means be used to manage economics. The motive behind this idea is understandable. However, with regard to the relationship between politics and economics, all economic measures must serve certain politics, and there can be no purely economic method of management. Management itself is inseparable from politics. If we deviate from the socialist orientation and planned economy in the one-sided quest for profits, then the greater are the profits, the more serious will be the defects. Furthermore, if we deviate from the socialist orientation and planned economy and stress the system of responsibility in isolation, there can be no responsibility to speak of. Some enterprises whipped up a blast of price inflation in 1980, causing dissatisfaction among the people. This was precisely the inevitable outcome of this one-sided stress on profits. In fact, the increase in commodity prices cannot by any means create any social wealth, and increasing prices blindly will certainly affect the distribution of commodities, the standard of people's living and the market prices, and are harmful to social stability and unity. The uncontrolled increase in prices was the result of deviation from the orientation of socialist business operation.

Second, upholding political and economic unity is a necessity for strengthening ideological and political work and for the successful reorganization of enterprises. We must help the workers form the concept of the overall situation, and to be concerned for the overall and long-range interests of the state. Our economic activities at the present stage are beset with certain contradictions. For example, there are certain conflicts of interests between industry and commerce, between different areas and different products, between the enterprises and the market, between accumulation and consumption, between various links in commerce, and between the state, the enterprise and the individuals; and these contradictions should be properly resolved. In resolving these complex contradictions of economic interests, we must

follow the principle of political unity, that is, the subordination of individual to collective interests, the subordination of temporary to long-range interests, and the subordination of partial to overall interests. This is the basic difference between socialist and capitalist and material interests, as well as the key to political and economic unity. "With the skin gone, what can the hair adhere to?" Similarly, if the national economy fails to make any headway, the market is not stable, and the finance is unbalanced, the minor interest for individuals cannot last long. Therefore, the enterprises and workers must recognize the importance of, and be concerned with the overall situation and willingly and strictly observe the state's policies, principles, rules and regulations, and systems. This concerns the long-range benefits of the state, the enterprise and the workers, and we cannot be indifferent to it.

II. System of Responsibility for Management Should Be Based on the Unity of Democracy and Centralism

According to Lenin's theses, democracy and centralism have a dual significance.

First, the unity of democracy and centralism is manifested as the unity of economic interests. Lenin said: "If we do not employ the phrase "revolutionary democracy" as a stereo-typed ceremonial phrase, as a conventional epithet, but reflect on its meaning, we find that to be a democrat means reckoning in reality with interest of the majority of people and not the minority, and that to be a revolutionary means destroying everything harmful and obsolete in the most resolute and ruthless manner."² In other words, we must attach great importance to the economic interest of the majority of people as a precondition to our consideration of the interest of the minority. We will talk more about this question later.

Second, the unity of democracy and centralism is also manifested as the unity of political rights and duties. Lenin said: "Democracy signifies the formal recognition of equality of citizens, the equal right of all to determine the structure of, and to administer, the state."³ At the same time, he emphasized: "To realize communism, it is absolutely necessary to have the highest and strictest centralization of labor on a national scale..."⁴ Therefore, when Lenin spoke of the responsibility system, the system of responsibility under strict discipline was mentioned as being under the category of democracy. He said: "We must strictly distinguish between the two different categories of democratic functions: one is debate and mass meetings, and the other is a strict system of responsibility for various duties. We should also unconditionally carry out the decrees and orders in a disciplined and willing way in the process of labor, so that the economic structure can function like clock-work."⁵ The unity of democracy and centralism required for the system of responsibility for management we talk about includes the unity of economic interests as well as the unity of political rights and duties. In an enterprise, these two unities are interwoven and are very strongly manifested as economic interests, or as economic results.

The unity of democracy and centralism we stress in the enforcement of the system of responsibility for management also refers to the unity of the enterprise's decision-making power and state policies, principles and plans and an all-round harmonious division of work. In actual work, if we one-sidedly stress centralism and include everything, major or minor, in the state plan, the result will inevitably be what Lenin criticized as "'bureaucratic fantasy' which is equivalent to a complete, all-inclusive and real plan."⁶ This will restrict the enthusiasm of the enterprise and workers and ruin our cause. On the contrary, if each goes its own way without any leadership, it will be difficult to achieve a unity of purpose and action. It will be impossible for our economic plan to become "our urgently needed economic plan based on the strictly coordinated and mutually related plans of various production departments"⁷ as envisaged by Lenin. In carrying out our planned economy, we must stress planned coordination, and this coordination should be like clock-work. On the contrary, it would also be undesirable for us to set democracy and centralism against each other, or to set the decision-making power against the implementation of policies, financial laws and the necessary regulations and systems; to indiscriminately treat all plans as "stereotypes" and to consider all systems as being over-rigid. It is true that in the past, the way of handling certain problems was over-centralized or over-rigid, so that certain readjustment is in order. However, there have also been problems on which our control was not strict enough. The unhealthy tendencies in the economic field were in many cases formed and gradually spread precisely because of the lack of strict control. Therefore, centralized and unified state leadership must be exercised on all economic activities which concern the overall situation and have a bearing on the national economy and the people's livelihood, while decision-making power in varying degrees should be given to different enterprises, whose workers and staff members should, at the same time, enjoy greater democratic rights in their management. Thus economic methods are combined with administrative methods. That is why the decision-making power for enterprises can only be relatively expanded, and these enterprises should become relatively independent socialist economic entities. The degree of the expansion of decision-making power should be determined by the changes in objective conditions and the level of management of each enterprise. Since ours is a socialist state, we must, in economic management, correctly recognize and handle the relationship between planned economy and the regulative role of the market. The market should play its regulative role under the guidance of state plans. One-sided stress on the market's regulative role and on the decision-making power for enterprises without the guidance of state plans is in fact a reflection of the liberalistic ideas in the economic field which will most probably lead to chaotic management, lax discipline and one-sided quest for profit among some enterprises. This may also destroy the overall effects of planning and cause a deviation from the socialist orientation of business operation. As a result, the political concept, production concept and mass concept which commercial enterprises must cherish will be weakened, and it will be difficult for them to correctly implement the policy of "developing economy and guaranteeing supply," and to serve production and people's daily life effectively. This runs counter to the type of responsibility system demanded by Lenin.

III. In Practicing the System of Responsibility for Management, We Must Raise Labor Productivity as the Basic Task.

In the development of socialist economy, our primary task is to raise labor productivity. Lenin pointed out: "For every socialist revolution, after the proletariat has solved the problem of capturing power, and to the extent that the task of expropriating the expropriators and suppressing the resistance has been carried out in the main, there necessarily comes to the forefront the fundamental task of creating a social system superior to capitalism, namely, raising the productivity of labor..."⁸ Lenin attached great importance to labor productivity because "in the final analysis, labor productivity is the most important and the principal means of guaranteeing victory for the new social system."⁹ In practicing the system of responsibility for management, socialist commerce should likewise treat the rise of labor productivity as their basic task. This includes the labor productivity as their basic task. This includes the labor productivity in commerce itself¹⁰ as well as in the development of industrial and agricultural production, since production and circulation are originally united.

The rise in labor productivity among commercial departments is first determined by the correct implementation of the party's principles and policies. They must try to match commodity circulation with industrial and agricultural production. With the development of industrial and agricultural production as a prerequisite, they must make every effort to raise the standard of enterprise management, continue to promote commodity circulation, reduce expenditures and increase profits; and to bring about an all-round fulfillment of state plans. On the contrary, if they do not try to raise labor productivity as their basic task and only one-sidedly strive for profits, it may lead to dishonest practices.

IV. In Practicing the System of Responsibility for Management, We Must Show Our Concern for Individual Interest.

Lenin highly regarded individual interest. He said: "We say that every important branch of the economy must be built on the principle of personal incentive. There must be collective discussion, but individual responsibility. At every step we suffer from our inability to apply this principle."¹¹ He also said: "Concern for individual interest can help raise production, and we must by all means increase the production."¹² The individual interest to be recognized and promoted here refers primarily to the interests of all the people. While recognizing certain material interest for each individual, we cannot disregard the interests for the state, the collective and other individuals and must not struggle only for our self-interest. Showing concern for individual interest should not be any controversial issue; the only problem is with the way to recognize such interest and to carry out such a policy. Under present conditions, we should pay great attention to the solution of the following problems.

First, in practicing the system of responsibility for management, we should implement the "three-in-one" principle of responsibilities, rights and interests and the principle of linking interests with economic results.

Responsibility here means the enterprise's economic responsibility to the state and the workers' economic responsibility to the enterprise. To be specific, both the enterprise and the workers should increase production and revenues and create more social wealth for the state under the guidance of state policies, principles and plans. The external obligations of commercial enterprises are to support and develop production; and their internal obligations are to improve their management, to expand commodity circulation, to economize on expenditures, and to increase profits and economic benefits. This is the goal in the practice of the system of responsibility for management as well as the bounden duties of the enterprises and workers. Therefore, "responsibility" is the main component in the system of responsibility for management.

Rights here mean the policy decision rights in management in varying degrees being given to different enterprises for carrying out their economic activities, and the expanded democratic rights for the workers to manage the enterprises, so that these enterprises may become relatively independent socialist economic entities in their economic activities, in the implementation of party principles and policies, and in the control of manpower and financial and material resources. Thus rights have become a necessary condition for responsibilities, because the enterprise and the workers must have the necessary policy-decision rights before they can fulfill their tasks according to their specific responsibilities. However, the substance of rights can change in different enterprises and according to the different demands of their responsibilities. From the standpoint of development, we should work out economic laws consistent with the changing objective conditions, gradually separate government administration from enterprise management, establish economic centers, clear the channels of circulation, and so forth. These changes can take place in the intensiveness and extensiveness of the rights, and also play a promotional role in meeting the demands of responsibility.

As for interests, distribution of the increased portion of income on the basis of increased production should be carried out in accordance with the principle for a rational distribution among the state, the enterprise and the workers. Only this way of distribution can help promote the development of national economy and meet the requirements of the responsibility system.

As we can see now, responsibilities, rights and interests are inseparable. If properly handled, they will combine to form a harmonious cycle with each of them helping the others. Mishandling their relationships, such as stressing one of them to the exclusion of the other two, will produce undesirable effects which would nullify the economic achievements which we deserve. The detailed methods of integrating these three parties, such as the extent of expansion of the decision-making power for the enterprise, the limits of the enterprise's economical responsibility, and the level of economic benefits for the enterprise and the workers, involve a very complex and delicate problem which should be carefully handled through a detailed analysis of the specific conditions for different enterprises.

Second, the distribution of the increased portion of profit should be handled as a problem in the relations of production. Between the state and the enterprises, distribution should be carried out according to the principle of a greater share for the state. The state should have more because of the need for expanded reproduction and to meet the people's ever increasing material and cultural requirements. Between the enterprise and the workers, the distribution of economic benefits should also be guided by the principle of a major share for the enterprise, because the enterprise has to retain more profits not only to insure the continued development of its business and the workers' welfare, but also to leave some leeway in the tradition of "storing food against the rainy days" and in consideration of the situation of the neighbors.

In the distribution among these three parties, we should carefully note the following requirements:

1. The speed in the improvement of people's livelihood cannot be more than the speed of production development or that of increase in productivity. This is a necessary condition for expanded reproduction and is based on the consideration of long-term interests for the people.
2. The increase in people's purchasing power cannot be higher than the increase in the supply of consumer goods, so as to preserve a balance between supply and demand. This is a necessary condition for the stability of market prices.
3. The increase in the enterprise's profit retention cannot be more than the increase in the enterprise's profit. This is a necessary condition in guarding against any reduction of state revenues.
4. Attention should be paid to a balanced distribution among enterprises. At present, profit intakes are uneven among the enterprises. In the case of retail business, for example, this unevenness is mainly the result of the difference in trades, the locations of the stores, the changes in the commodity mix, the increase in social purchasing power, the trends and changes in the composition of social consumption, and the effects of taxes, prices, supplies and other policies. There are subjective as well as objective factors, and they affect each other in a most complicated way. Those whose profits are increased because of objective factors are "richly endowed by nature." If this portion of profit is simply distributed in recognition of the enterprise's contribution, such distribution will be divorced from realities and inconsistent with the principle of "to each according to his work" and aggravate the unevenness in profit intakes among the enterprises. As for the reduction in profit caused by the implementation of certain policies or by other normal factors (such as dealing in small sundry goods) which may even bring about losses, an overall arrangement should be worked out for all the enterprises, shifts and groups concerned. To solve this problem, it is only natural that we should be mindful of the situation of the neighbors at the time of distribution.

Third, in the works of Lenin, the system of bonus was proposed as "an incentive to outstanding work performance."¹³ Therefore, there should be some criterion for assessing the performance of each worker, and this criterion should be based on the advanced average quotas of the quality, quantity and result of the performance. The workers who have given above-quota performances should be given special bonuses in order to overcome the defeats of "eating from the same pot," and to truly embody the principle of "to each according to his ability" as an incentive to the advanced and a spur to those who are lagging behind.

Because of the difference in the specific situations and conditions, there should also be different advanced average quotas. However, the basic substance of the quotas should include the labor time, labor intensity, labor efficiency, attitude toward labor, and the way policies and rules and regulations have been implemented, in addition to quality, quantity and the economic results.

In setting up the bases for the advanced average quotas for the system of responsibility for management, many enterprises have conducted in-depth research and explorations, and have generally adopted the method of rolling calculations [gundong jisuan 3340 0520 6060 4615] of the actual results of the 3 previous years in combination with the planned indexes for the current year, which is to be supplemented by additions or reductions according to the favorable or unfavorable market forecasts. We should say that the advanced average quotas worked out in this way are relatively practical. Of course, we have to continually sum up our experiences and constantly improve this method in practice.

There are many instructions from Lenin on enterprise management, such as enterprise management by experts, learning from advanced foreign experiences, launching emulations and so forth. Generally speaking, however, as long as we pay attention to the application of the theses we have mentioned; combine responsibilities, rights and interests in an organic way; integrate these responsibilities, rights and interests with economic results; combine the use of economic means with the use of administrative means; consolidate our achievements and overcome our shortcomings, we can certainly continue the improvement of the system of responsibility for management.

FOOTNOTES

1. "Selected Works of Lenin" Vol 1, p 516, People's Publishing House, 1972.
2. "Selected Works of Lenin" Vol 3, p 139. (ditto)
3. "Selected Works of Lenin" Vol 3, p 257. (ditto)
4. "Selected Works of Lenin" Vol 3, 749. (ditto)
5. "Collected Works of Lenin" Vol 27, p 193, People's Publishing House, 1958.
6. "Collected Works of Lenin" Vol 35, p 473, People's Publishing House, 1959.

7. "Collected Works of Lenin" Vol 4, p 395, People's Publishing House, 1972.
8. "Collected Works of Lenin" Vol 27, p 235, People's Publishing House, 1958.
9. "Collected Works of Lenin" Vol 4, p 16, (ditto) 1972.
10. Author: There are two schools of thought as to whether or not socialist commerce belongs to productive labor. The author agrees with the former.
11. "Collected Works of Lenin" Vol 33, p 51, People's Publishing House, 1957.
12. "Collected Works of Lenin" Vol 30, p 39, People's Publishing House, 1957.
13. "Collected Works of Lenin" Vol 3, p 748, People's Publishing House, 1972.

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FINANCE AND BANKING

SICHUAN CONFERENCE DISCUSSES TAX COLLECTION

HK060603 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 5 May 82

[Summary] A Sichuan provincial conference on tax work was held in Chengdu at the end of April. The meeting conveyed the spirit of the national tax work conference and discussed how to further improve the work this year. Vice Governor He Haoju made a speech.

Sichuan has overfulfilled its annual tax collection quota in recent years. The conference demanded that the tax collection departments actively promote production and open up more revenue sources so as to increase revenue. They must help the enterprises to improve financial management, do a good job in economic accounting, tap internal potentials and improve economic returns.

The meeting stressed: "It is essential to ensure centralization and unity in tax collection. No area, department or unit is permitted to exceed its tax collection jurisdiction, arbitrarily change the tax rate, or reduce or waive taxes. Violators will have their responsibility investigated. The tax cadres must act in an honest way, correctly implement the tax policies, and resolutely uphold centralization and unity in management of tax collection."

Last year the province implemented the general tax bureau's notice on investigating tax evasion cases and uncovered tax arrears totalling 59 million yuan. In some cases the enterprises had deliberately avoided paying tax. The conference demanded further investigation of this problem. The tax departments must also expose cases of smuggling and peddling contraband, speculation, bribery and corruption and so on.

The province overfulfilled the tax collection quota for the first quarter by 12.4 percent, with an increase of 20 percent over the same period of last year. The conference demanded that tax cadres throughout the province work hard and make still greater contributions to overcoming the state's financial difficulties.

CSO: 4006/437

FINANCE AND BANKING

RESPONSIBLE OFFICIAL GIVES TALK ON PROBLEMS OF ACCOUNTING

Beijing SHANGYE KUALJI [BUSINESS ACCOUNTING] in Chinese No 3, 10 Mar 82 pp 2-7

[Article: "Several Problems in Present Accounting Work—Excerpts of a Speech Delivered by Comrade Yang Jiwan [2799 4764 3834], director of Accounting System Department of the Ministry of Finance, Before an Advanced Class of the Beijing Commerce Academy for Accountants, in December 1981"]

[Text] Editor's note: This speech is very important. We hope the broad masses of finance and accounting works in the commercial, food and supply and marketing sectors will carefully study it, understand the spirit behind it, and then do their finance and accounting work well. We also hope your directors (officer in charge) and comrade managers will also read it in order that they will attach greater importance to it and strengthen their leadership accordingly.

Great achievements have been won on the accounting front since liberation. Accounting work was very backward in old China. There was no unit specially engaged in research on accounting theory as a branch of science, and accounting could not be well developed. After liberation, accounting practically started from scratch, and great achievements have been won in the past 30 years and more. These achievements are shown as: a fairly strong accounting contingent of, according to an estimate, 1.7-2 million finance and accounting workers, not counting those working in the people's communes and the army units; approximately 40 special finance and accounting institutes included in the institutes of higher learning and turning out thousands of graduates each year; and the fairly great developments in teaching and research in accounting, and in accounting system and accounting work. On the whole, however, accounting work still cannot catch up with the development of the situation. Recently, Premier Zhao called on us to take necessary measures to restore the work of accounting to the level of 1950's. The implication of his remarks is that compared with the 1950's, our accounting now is backward. Of course, he was referring to certain aspects of the work instead of accounting as a whole. There are two main causes for this backwardness: First, the work of finance and accounting was seriously disrupted during the 10 years of turmoil. Despite the many measures adopted in the past 3 or 4 years for its consolidation, the

problem, generally speaking, has not been completely solved. Secondly, the economic development, and particularly the restructuring of the economic system as shown by the increase of decisionmaking power for the enterprise and adoption of the system of economic responsibility have given rise to many problems in finance and accounting work, and we have not been able to conduct any timely research or study in the new problems under these new conditions. In order that the work of finance and accounting can be compatible with the development of the new situation, we should adopt effective measures within the next several years to consolidate and improve such work. Among the 10 principles mentioned by Premier Zhao in his Report on the Work of the Government at the Fifth National People's Congress, there is one entitled "Carry Out the All-round Consolidation and Necessary Restructuring of Enterprises by Groups," in which he said: "We should carry out the consolidation of enterprises step by step, taking into account the experiences gained in selected enterprises and their popularization in other enterprises, and try to complete it by groups in 2 or 3 years." This is going to be an important job next year. The consolidation of enterprises involves quite a wide range of subjects, and one of them is the consolidation of finance and accounting work. For this reason, we have to study several problems carefully. Here I plan to deal with six of them.

1. On the Consolidation of Accounting Procedure and Improvement of Accounting Work

Consolidation of accounting procedure is the focus of consolidation in some enterprises. The task and function of accounting is to reflect the economic situation and to supervise economic activities. Truthful reflecting of the economic situation is the most basic function of accounting. However, there are now many problems in this respect. The lack of truthful accounting figures is no longer an isolated problem in individual enterprises because of both subjective and objective factors. For example, there are not enough accounting cadres, and the standard of their work is not high. We should step up the training of the accounting personnel in order to increase their professional competence. Some new conditions can also give rise to new problems. For example, the expansion of financial power for the enterprises, which should be a very good method of restructuring the old economic relations of "eating from the same pot," has at the same time produced some side-effects. After handing over part of its profits to the state, the enterprise will be concerned with its profit and loss, which have a direct bearing on its own interest; and may be tempted to disregard the overall interest and to resort to fraudulent means in promoting self-interest. Therefore, consolidation of the accounting procedure is the most basic work in the consolidation of accounting, and should begin with the consolidation of the basic accounting work. The problem in this respect is now quite serious among some enterprises. If the basic work is not well carried out; if the accounting procedure is not properly arranged; and if the accounting system is not firmly upheld, accounting will not only fail to provide truthful figures to serve as reliable numerical data for economic management, but may also leave loopholes for corruption and embezzlement. In the No 3 Jinghang Engineering Company of the Panzhihua Metallurgic and Mining Company in Sichuan, a female accountant misappropriated some funds every month from

the time she started work, and in 7-8 years, accumulated more than 260,000 yuan from these misappropriations. This instance clearly shows the problem. Therefore, we are planning to request the State Council to issue some document concerning the consolidation of finance and accounting among the enterprises, and this consolidation should include the basic work and the procedure in accounting. At the same time, we plan to start a large-scale financial inspection beginning this (1981) year end and lasting 2-3 months. In his report to the National People's Congress, Minister Wang Bingquan of the Ministry of Finance made these remarks: "The State Council has decided to accomplish the consolidation of enterprises, by stages and by groups, within 2 or 3 years. In coordination with this effort, there will be a general check-up on the financial work of enterprises next year. Its purpose will be to improve enterprise management and business accounting and strictly enforce financial discipline, to firmly check and do away with illegal practices such as holding back profits that ought to be delivered to the state, inflating production costs and transferring funds for unauthorized purposes and to eliminate all forms of reducing payments to the state." We hope all enterprises will consolidate their accounting procedure within this brief period, because in readjusting and restructuring the national economy, in carrying out planning and arrangements, and in studying the ratio between accumulation and distribution and the balance between revenues and expenditures, we must have very accurate and reliable statistical and accounting figures as the basis of our policy decisions. Truthful reflection of conditions is not only a microeconomic, but also a macroeconomic requirement.

2. On the Problem of Accounting Legislation

The system of finance and accounting is the basis of finance and accounting work. However, many finance and accounting systems at present cannot be implemented. This is on the one hand because some systems themselves are incompatible with the present objective conditions, and these systems should be reformed. On the other hand, this is due to the rather weak concept of the legal system among the finance and accounting personnel. Therefore, we are considering the setting up of some highly authoritative law—the accounting law. We have already filed our proposal with the Legal Commission of the National People's Congress and are planning to submit the first draft next year (1982). After repeated discussions and studies, it will be referred to the higher levels, and every effort will be made to have it adopted by the NPC Standing Committee. When the accounting law is available, the work of finance and accounting will have a strong legal backing, and the other systems of finance and accounting can be worked out according to the accounting law and implemented authoritatively. Violation of the accounting law will also be a law violation punishable according to law. Furthermore, we plan to have production cost law. Comrade Wang Bingquan said in his report: "At the same time, we shall incorporate into relevant statutes our useful practical experiences accumulated over the years, and especially our recent successful experiences in reforming the financial system. As a first step in this direction, next year we plan to draft and enact separate statutes on accounting, production costs and depreciation of fixed assets of enterprises as well as some basic statutes concerning taxation." The most important among them is that of accounting.

Besides, we also plan to carry out some reform in our accounting system. To strengthen the basic work in finance and accounting, it will be necessary for some regulations concerning the basic skill of accounting personnel. For example, we plan to set up some rules which every accountant must follow in his bookkeeping, and which should be studied by the new accounting personnel.

3. On the Restoration of the Auditing System

In his speech before the National Accounting Conference in 1980, Vice Premier Yao Yilin mentioned the work of auditing, saying: "The implementation of these principles and policies will certainly enhance the importance of accounting in the national economy and greatly strengthen the work of bookkeeping, cost accounting, account analysis and auditing." He added: "Recording transaction and keeping accounts are certainly the most basic jobs. On the basis of these jobs, we should be able to learn advanced accounting, cost accounting, account analysis, and the way to conduct forecast and auditing through accounting." At the same time, people in the finance and accounting academic and theoretical circles and the relevant departments had already proposed that the state should restore the auditing system. Auditing was originally practiced in the old liberated areas before the nationwide liberation. After the liberation, it was gradually abolished, and now we plan to have it restored. Auditing is an academic subject which should be studied. The universities should again include it in their curricula.

There are internal and external auditing. The capitalist countries formerly stressed only external auditing, meaning that the auditing of accounts should be carried out by outsiders. Since the 1950's, they have stressed internal auditing. The more active is internal auditing, the less would be the workload for external auditing; and this was one of the features in the development of auditing among the capitalist countries after the 1950's. What is internal auditing? It is the job carried out by professional auditors, or inspectors, in an enterprises of checking the accounts and the records of financial activities which have already taken place in the enterprise. In our country, the task of internal auditing is entrusted to accountants who, in handling the accounts, are required to check and see if the activities are rational and legitimate. If any transactions are found to be against the financial system or financial law, the accounts have the right to reject them. If any leading person in the enterprise tries to overrule them, they have the responsibility of reporting the matter to the higher authorities. This is one form of internal auditing. It has two defects: First, the accountant can only check and found out whether the transactions recorded are rational and legitimate, but would not check his own accounts to see if there is any mistake or violation of law. The misdeeds of the female accountant in Panzhihua, as mentioned earlier, remained undetected for a long time simply because nobody checked her account. Second, since the accountant to do the auditing is under the enterprise leadership, many violations of law have been committed with the knowledge of the leadership or according to the leadership idea. Even though the accountant's refusal to follow the idea is backed by the state's

authorization, such backing can be of only limited effect, because people would ask: "Should the factory director lead the accountant or the other way around?" Of course, such a question is inappropriate, because both the factory director and the accountant must obey the state's financial law and financial system, which nobody can violate. So the question of who leads whom does not arise. As proved by experience, since all financial receipts and payments pass through the accountants' hands, accountants are in the best position to reflect the conditions comprehensively and to guard the property effectively. External auditing can be carried out only periodically or take the form of spot checks, and the auditor cannot have a clear knowledge of the operation as the accountant does. Therefore, we still insist that accountants should strictly enforce the financial laws and financial system, and should resist and report any violation. At the same time, we still need external auditing for two reasons. First, external auditing can be a support for the basic level unit accountants, because it is something the leading persons have to care about. Even though the accountant is forced to go along with their unjustifiable expenses, such irregularity can still be detected by external auditing. Second, if the accountant is incompetent or colludes with the leadership, his mistakes can be exposed through external auditing. This is the main reason for our proposal that auditing organs be established and the auditing system be restored.

Restoration of the auditing system refers to external auditing. Internal auditing can be undertaken by the accountant, and there is no need for the enterprise to designate any special auditor, for the reason that even special auditors are under the leadership and have but limited authority. Minister Wang Bingquan said in his report at the National People's Congress: "To initiate supervision through audits, the State Council has decided to gradually establish auditing bodies at the central and local levels to supervise the relevant activities of all economic organizations. This will play an important role in doing away with malpractices and unhealthy tendencies in the economic field and in enforcing state laws and discipline." How will the auditing bodies be established? According to the views expressed in various quarters, there can be no more than three methods: The first, and the most ideal, is the establishment of a permanent auditing body under the standing committee of the National People's Congress, called the State Auditing Bureau. Western countries generally adopt the same method. Despite the different names used, all these auditing bodies are actually responsible to the parliament or congress. If we establish the auditing body under the National People's Congress and charge it with the duty of auditing and supervising over state organs and government personnel, including the Ministry of Finance, the great advantage is that it is highly authoritative and the units to be audited will certainly fully cooperate instead of resisting. However, since the National People's Congress is not a standing organ like the parliament or congress of Western countries, this idea cannot be easily realized. The second idea is for a state auditing bureau to be established under the State Council, and this bureau is to be on the same level with the ministries; and for branch auditing bureaus to be established under the provincial, municipal and regional people's government. There will also be branches at the county and other lower levels, and these branches will be under the local people's government as

well as the auditing bodies at the higher levels. This auditing structure is fairly ideal because of their authority. However, for such a structure, we need approximately 200,000 cadres who are competent in accounting as well as auditing, have a strong policy concept and a high political consciousness. At present, it is difficult to realize this idea. Therefore, some people have a third idea, the idea of a transitional method. According to this method, a general auditing bureau is to be established under the Ministry of Finance, with corresponding auditing bodies under the provincial, prefectural and county people's governments. This method is comparatively simpler, and there is no need for a huge structure. If the personnel is not enough, they can be borrowed from several sources. First, the tax bureaus and finance departments of the bureaus which originally had the duty of checking the enterprises in financial matters, and some of their cadres can be borrowed for auditing. Second, the system of stationing personnel in factories can be restored. Third, rules can be set up in future for the finance and accounting personnel of industrial, communications and commercial enterprises to check on one another. For example, the personnel of Unit A can check the account of Unit B, and Unit B's personnel can check the account of Unit C. These mutual checks are not only for "fault-finding," but also for learning from one another so as to raise their management level.

We will report to the State Council later on the specific plan for establishing the auditing bodies.

As to the system of auditing, two points have to be clarified. First, the substance of auditing. There are two aspects to auditing work. First, it is of a protective nature, meaning the precaution against mistakes in the entries or inaccuracy of figures which may leave loopholes for corruption and embezzlement by unscrupulous elements. This is the aspect of auditing work at an early stage. Second, it is of a constructive nature. According to the practice of capitalist countries, external auditing will be reduced after the strengthening of internal auditing. The primary purpose of external auditing is to find out whether there is a sound internal auditing system. If this system is really sound, then there will be no need for further checking, and the auditing of a protective nature can be relegated to a position of secondary importance. Thus the purpose of auditing is mainly to check on the business activities as a whole, so as to discover the achievements, problems, or the results of inexperience; and the methods of lowering the production costs and increasing profits. Auditing can positively help improve business management and achieve the goals of lowering production costs and increasing profits. This is called constructive auditing. Auditing among Western capitalist countries has now reached this stage, and the main duty of auditors is for consultation on business management or to serve as advisers or councilors. Conditions in our country are different. For the overall accounting in business management, stressing economic results, strengthening planned control and practicing the internal system of economic responsibility, the enterprise has a complete system of organization and a chain of command, and requires no special assistance from outsiders. Second, auditing is of two types, namely subsequent auditing and advance auditing. Subsequent auditing is intended for fait accompli, and can only discover problems which have already taken

place. Since it is always better to take advance precaution against violations of financial law, we should strengthen advance auditing. Our advance auditing is in fact the core of our entire business management and planned economy, because from the beginning of forecasting, planning and making policy decisions, we have to consider economic accounting and economic benefits, and to strive for greater, faster, better and more economic results. I may add that in capitalist countries, the focus of auditing work has already been shifted to constructive auditing, and from subsequent auditing to advance auditing. In our country, auditing still belongs to the subsequent and protective type, but we can tentatively strengthen advance auditing. This work, if satisfactorily carried out, will play an important role in eliminating certain malpractice in the economic sphere at present and in strictly enforcing the financial law. It should also be mentioned that at present, there is a director of financial supervision. This director investigates only the important cases and the investigations are not of a regular nature. In some ministries, financial supervision sections are established under the financial director. If we are to establish auditing bodies and restore the auditing system, these auditing bodies must meet these three requirements: First, authority or the authority to check accounts. All units must give them full cooperation instead of rejecting or hoodwinking them. Second, professional competence. There must be a number of auditing cadres who have strong policy concepts and professional ability. Third, regularity. Auditing must be carried out regularly and constantly so that every unit will be aware that sooner or later, their accounts will be checked. These are the three main requirements in setting up auditing bodies.

4. On Summing Up Our Country's Experiences and Learning From Foreign Countries.

We should learn from foreign finance and accounting or the theories and methods of management. This serves a two-fold purpose: First, in this field, foreign countries certainly have good experiences which we should learn or use as reference; and second, it will help absorb foreign funds and will be convenient for us to negotiate or cooperate with foreign merchants.

Can all foreign methods of management be used by us? Here, we must conduct some analysis. Facts have proved that wholesale copying from foreign experiences can lead us nowhere. We practice planned economy and are different from capitalist countries. If we say that the turnover of funds in Japanese plants is several times faster than that of ours, and that we should speed up our turnover, it is quite correct. However, we also have objective reasons. Besides, some equipment is in complete sets. For example, electronic computers are good and progressive. Its production should be the orientation of our development. However, its large-scale development is impossible at the present stage, because three conditions are required for such development. First, we should be able to produce instead of importing them. Even if they have been imported, we do not know how to repair them in case of any breakdown. Second, we need a number of

qualified electronic computer operators, and this need can only be taken care of at a later stage. Third, a higher level of management, because electronic computers cannot be used at our present level of management. The operation of electronic computers requires complete programming, while at present, even our accounting procedure and our organizational structure are unstable. Under such conditions, manual operation would be more convenient. Another problem with the use of electronic computers is that they cost too much. The use of electronic computers serves only three purposes: labor-saving, large calculating capacity and speed. If we are to use electronic computers now, we have to spend huge amounts of manpower and material resources in importing the equipment and training the personnel. Then we have to consider the production cost and economic results. I do not oppose learning from foreign countries as long as we can learn intensively and thoroughly. However, we must, first, study; second, avoid fetishism; and third, be sure to sum up our own experiences. We have rich experiences in economic management, financial management and accounting. In the last several years, for example, economic accounting and all-round economic accounting were practiced by plants, and some plants have practiced them effectively. But why can't they be popularized? I hope we can overcome the difficulties, emancipate our minds, very carefully sum up our own experiences, and then create sets of theories and methods for economic management, financial management and accounting. This is now an important matter, because compared with foreign methods, ours can produce better and quicker results and are easier to use. At present, financial management in enterprises has not yet completely returned to the levels of the 1950's and 1960's. If some units were able to attain these levels, it should be easy for them to repeat their performance. Now let us look at the comparable production costs in the plants. Instead of being lowered each year, some are even rising. Speaking of our final accounts in his report before the National People's Congress, Premier Zhao anticipated a 2.7 billion yuan deficit. We cannot let our unfinished jobs accumulate over a long time. What shall we do? The only way is to lower the production costs and circulating expenses, to increase the profits and construction funds and, of course, to expand production and curtail the expenditures. There can be no other way out. Therefore, first of all, the primary goal of every unit is to restore its best and highest level. Then they should learn from the advanced units, and from Shanghai, in the country. If Shanghai can make it, why can't we? If we cannot completely succeed, we can at least be close to it. There may be objective causes, but if the discrepancy is too much, it cannot be entirely attributed to objective factors. That is why we should first learn from the advanced units in our country before trying to learn from the advanced standards in foreign countries. Incidentally, let us look at our experiences gained in management, including financial management, since the founding of the People's Republic. First, we have the methods of ideological and political work which can arouse the workers' enthusiasm. Second, under the leadership of the party committee, we have a chain of command under the factory director as the basic principle, in addition to the method and system of planned management, and the internal system of job responsibility. Daqing highly regarded the job responsibility system in the past, and it is a pity that this system cannot be well popularized at present. Our circulating funds and production costs are

controlled at separate levels and by separate departments, and we have an information system supplying fairly complete figures. In this respect, we are better than foreign countries, where these figures are obtained with the methods of sampling statistics. These methods have a scientific basis and the figures obtained are only slightly different from realities. Yet, on the whole, their figures cannot be as accurate as ours, which are reported level by level, starting from the basic level in an upward direction. The figures supplied at the basic level may not be accurate and thus will affect the accuracy of the totals, but this is only a question of implementation. If this system is properly implemented, then we are better than foreign countries. If we can expound our system in theoretical terms, it is entirely possible for us to turn enterprise management, including financial management, in China into an integral academic subject. If these experiences are fruitfully summed up, we can certainly use them to guide our management. People can certainly sum up their experiences.

5. Acceleration of Cadre Training

The prerequisite to the solution of all these problems is the availability of large numbers of competent accounting cadres and professional accountants. Without this prerequisite, nothing can be accomplished. Under present conditions, it may not be too much of a problem to arrange short-term training or rotational training for those finance and accounting cadres—who have not received any professional training and who account for one-half of the total number of accounting cadres throughout the country—in the next 2 or 3 years. After these years, again, it may not be very difficult for each accounting cadre to carry out his job independently. It will certainly require a lot of efforts to learn and understand whatever we are required to do, since this is by no means a simple task. What we are short of right now are high and medium-grade accountants, and our urgent task of the moment is to train these people. We must use every possible method to accomplish this task. The number of trainees need not be many, but cannot be too small either. If only one of them is required for each of the 500,000 industrial, communications and commercial enterprises, then there will be 500,000 of them, and this cannot be a small number. Therefore, while training low-grade accountants, we must at the same time attach great importance to the training of high and medium-grade ones. We should mobilize resources from various sources in this undertaking, since reliance on any single department or locality is not enough. Reliance on a small number of universities and specialized colleges is likewise not enough, since the graduates from universities and specialized colleges are only enough to replace those who have retired the natural way. To encourage the accountants to make further progress, we attach great importance to the evaluation and conferment of technical titles for the accountants. The Ministry of Commerce has been a little ahead of others in this work, since it has conducted experiments in Zhejiang and tried out many methods. A conference may be held next year for evaluation and conferment of titles. It will be an occasion for exchanging experiences, reviewing some good methods and solving some problems.

Concerning the evaluation and conferment of technical titles, several problems should be clarified. First, the problem of examination. Examination is one of the methods to measure the level of knowledge. At present, the young accountants were mostly students of the worker-peasant-soldier universities during the Cultural Revolution, and they have a very poor educational background. After working for some time, can they be rated as assistant accountants? Examination for them is even more necessary. As for those who started their work before the Cultural Revolution, we do not favor any written test, but would rather base our judgement on their normal performance of duty and the level of their knowledge. Second, the problem of foreign language. The state should train personnel on the basis of realities in our country. Apart from those who must have a good command of foreign language in order to study abroad, to maintain contacts with foreigners and to learn from foreign experiences, a preliminary grasp of foreign language should be sufficient for the majority of people, and these people should not spend too much time on foreign language. According to present conditions, it would be better for them to further improve their Chinese language than to learn any foreign language. At present, many university graduates are poor in Chinese, and it is all the more necessary for them to study more Chinese. Third, the problem of being strict or flexible in complying with the conditions of evaluation and conferment of technical title. All localities should be realistic and make it even. They should do whatever should be done and discard all interferences and old conventions. To avoid possible differences caused by the strict or flexible application of the standards, it would be best for an organ to be set up to make it even. Some provinces have specially organized such organs for all accountants in their own province, and others have left this job for the finance departments. There should not be any time limit for the conferment of titles. We can evaluate group by group as soon as they are ready and then confer the titles accordingly. Should there be any dissenting voice from any quarter, we should postpone the evaluation instead of carrying it out under pressure. We hope all areas and all departments will do this work well so as to encourage everyone to continue their efforts in making progress.

6. Problem of Attention From Leadership

Since the founding of the People's Republic, the leadership at various levels in our country has shown far greater attention to finance and accounting than in the old society. Accountants were very rare in the old society. Now, according to a rough estimate, after the latest national evaluation, there are not less than 200,000 with higher ratings than that of assistant accountants. This should indicate the state's attention to accounting. But it is still not enough. Since the expansion of decision-making for the enterprises, the leadership at various levels has paid great attention to accounting, because they have to settle the accounts and to be concerned with the amounts of profits. If there are more profits, there will also be more bonuses. This is a good sign. If it will continue, the leadership will attach even greater importance to accounting. However, it has also produced some adverse side-effects. For example, some factory director hopes the accountant can "work out" a good "production cost," and this

becomes the derivation of defects, and must be overcome. On the whole, however, the leadership at all levels in the country are gradually recognizing the importance of this work. The economic benefit (in fact, it should be economic result) we so often talk about is an important condition of our economic management, and the key to this benefit is the system of economic responsibility (including internal responsibility and the responsibility to the state) as a means of its promotion. This type of work is closely related to the work of finance and accounting, which, though not the sole factor, is nevertheless one of the major factors. At the accounting conference last year, Vice Premier Yao made these remarks: "We hope the responsible comrades of all departments and enterprises will consciously appreciate the work of accounting, support it and learn it." We believe Vice Premier Yao's request, that is, for the appreciation of accounting, supporting and learning it, can certainly produce the desired effect. The question is whether or not the accountants can satisfy the requirements of the leadership in their work in the effort to win their appreciation and support. We will have to increase our efforts for this purpose.

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FINANCE AND BANKING

FUJIAN FINANCIAL CONDITIONS REPORTED AT PEOPLE'S CONGRESS

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[Report by Jin Jingbo [2516 7234 3134], Director of Finance Department, Fujian Province, on the Final Accounts for 1980, the Financial Budget for 1981 and the Draft Financial Estimate for 1982 at the Fourth Session of the Fifth Provincial People's Congress on 28 February 1982]

[Excerpts] I. Implementation of the Final Accounts for 1980 and the Financial Budget for 1981

The Third Session of the Fifth Provincial People's Congress adopted the report on the implementation of the financial budget for 1980. After examination and revision, the results of the final accounts are as follows: Financial revenues, 1,533 million yuan, being 116.1 percent of the budgeted amount and an increase of 20.5 percent over last years. If the problems left over by the handling of enterprise finance in 1979, the redemption of various technical measure loans, and the transfer of incomparable revenues to the treasury in 1980 are all excluded, there was an actual increase of 7.1 percent. Financial expenditures totaled 1,505 million yuan, being 83.5 percent of the budgeted amount, and an increase of 6.1 percent over last year. The balance sheet is as follows: Financial revenues, 1,533 million yuan and the addition of 138 million yuan of regular and special subsidies from the central government, totaling 1,671 million yuan. Financial expenditures, 1,505 million yuan, leaving a credit balance of 166 million yuan. The vast majority of this balance belonged to various prefectures and departments, and was carried over to 1981.

The revenue budget for 1981 adopted by the Third Session of the Fifth Provincial People's Congress was for 1,450 million yuan. Because of the price increases for beans and cotton, the amount was reduced by 9 million yuan, leaving an adjusted amount of 1,441 million yuan. Based on statistics from monthly reports, we have received 1,449 million yuan, being 105 percent of the budgeted amount and a reduction of 5.5 percent below the figure of the 1980 final accounts. Among these revenues, those from enterprises amounted to 311 million yuan, being 85.5 percent of the budgeted amount and a reduction of 31.4 percent below last year's. This reduction was mainly because of the increase of procurement prices for agricultural sideline products which added to the industrial production costs and the financial subsidies. The reduction was also partly due to the system of responsibility for profits and losses among the enterprises, and the system of profit sharing among the transportation enterprises. Revenues

from industrial and commercail taxes amounted to 993 million yuan, being 105.5 percent of the budgeted amount and an increase of 8.8 percent over last year. This increase was mainly due to increased light and textile industrial outputs and the increase of taxes from this source. The increase of prices for agricultural sideline products has also raised the tax revenues a little. The inspections on the payment of taxes and the strengthening of tax administration since May have also helped recover some revenue. The salt tax collected amounted to 54 million yuan, being 97.6 percent of the budgeted amount, and 18.2 percent below last year's. This reduction was mainly due to the reduction of transfers out of the province and the serious smuggling and evasion of taxes. The depreciation funds handed over by the enterprises and the agricultural taxes collected were all according to plans.

The financial expenditure budget for 1981 adopted by the Third Session of the Fifth Provincial People's Congress provided for 1,341 million yuan. In the course of implementation, amother amount of 35 milion yuan was added as circulating funds for housing construction and for the construction of granaries. The central government also allocated special funds for relief in disaster areas, building houses for demobilized, retired or rehabilitated army cadres, construction the old liberated areas and border areas, and some other projects. The total budgeted expenditures was 1,430 [figures as published] yuan. According to statistics from monthly reports, the total expenditure amounted to 1,425 million yuan, being 99.7 percent of the budgeted amount and a decrease of 5.3 percent below last year's. This reduction was mainly due to the curtailment of allocations for capital construction and the reduction of funds for tapping potential and technical transformation, and circulating funds for enterprises. Among the expenditures, allocations for capital construction amounted to 205 million yuan, being 115.4 percent of the budgeted amount, and a reduction of 39.5 percent below last year's. The funds used on the enterprises for tapping potential and carrying out technical transformation amounted to 65 million yuan, being 88 percent of the budgeted amount, and 29.6 percent below last year's. The circulating funds used amounted to 35 million yuan, being 11.5 percent of the budgeted amount and 55.8 percent below last year's. The operating expenses of various public agencies totaled 1,003 million yuan, being 104.7 percent of the budgeted amount and an increase of 11.9 percent over last year's. Among these expenses, 216 million yuan was spent in aid of agriculture, a reduction of 5 percent below last year's; 34 million yuan on city construction, an increase of 41.8 over last year's; 452 million yuan on culture, education, public health and science, an increase of 16.9 over last year's; and 195 million yuan on administrative expenses, an increase of 21.2 percent over last year's. These expenses were mainly used on strengthening the judicial system and market control, and on increasing and staffing some necessary organs.

The balance sheet for 1981 is as follows: Total revenue, 1,449 million yuan and the addition of 154 million yuan of regular and special subsidies from the central government, totaling 1,603 million yuan. Expenditures, 1,425 million yuan, and 154 million yuan handed over to the central government as loans. After subtracting the expenditures, the revenues still left a balance of 24 million yuan.

In 1980 and 1981, the broad masses of people in the province, under the leadership of the party committees and government at various levels, conscientiously carried out the spirit of the Third Plenary Session of the 11th Party Central Committee and the policy of national economic readjustment as well as

the special policies and flexible measures worked out for the province by the central government, resulting in the continued development of the national economy in the course of readjustment. The result of agricultural production is gratifying; industry continues to develop in the course of readjustment; and the system of responsibility for the province to the central government has shown remarkable results. The positive measures adopted particularly in the course of economic readjustment and restructuring have speeded up their progress and gradually enlivened the economy. As shown by the figures, the budgeted revenues were not increased in the past 2 years, and the revenues of last year were even reduced. The important reason for the decrease is that in implementing the policy of readjustment, we have restructure the pattern of distribution. As a result, while the revenues shown in the budget have been decreased, extra-budgetary revenues have increased; the funds to be collected by the provincial finance department have been decreased, but those collected by the prefectures, department and enterprises have been increased. These measures have done a great deal in arousing the enthusiasm of the prefectures, department, enterprises and laborers in production. If these factors are taken into consideration, our revenues, instead of being decreased each year, have been increased by a wide margin. The common characteristics in carrying out the budgets in the last 2 years are as follows:

First, balanced revenues and expenditures, with a little surplus left. In the course of the national economic readjustment, there were many factors leading to the reduction of revenues and increase of expenditures. Since the state was in financial difficulty, we cannot expect much help from it. Under such conditions, it was no easy matter for us to bring about a balance between revenues and expenditures and still leave some surplus. We were able to accomplish this task because of the combined efforts of people throughout the province in the last 2 years.

Second, strong support for agriculture. Although the funds for supporting agriculture provided in the last 2 years' budgets were not increased we still followed the instructions from the central government in the light of actual conditions in the province, and continued to readjust some of the procurement prices for agricultural sideline products, granted tax reduction or exemption for some rural areas, and helped increase the peasants' income, thus arousing their enthusiasm and promoting agricultural production. According to statistics, because of the readjustment of prices in the last 2 years, the peasants' income has been increased by 190 million yuan. If the benefits from the price adjustments in 1978 and 1979 are taken into account, the peasants in the province receive 540 million yuan each year.

Third, restructuring the financial management system in enterprises as a means of revitalizing microeconomics. In 1980, experiments in the expansion of decisionmaking power were carried out in 114 state-run industrial enterprises. In 1981, the system of responsibility for profits and losses in various forms was extensively introduced among the state-run industrial and commercial enterprises. We also raised the ratio of profit sharing for the state-run industrial and commercial enterprises. For the material supply, transportation and urban public utility enterprises, and the units engaged in cultural activities, publication, and the food industry, we adopted the

two-eight profit sharing ratio. We also adopted the methods of sharing the savings from the reduction of losses and responsibility for their own finances among the units engaged in food industry, maritime products, defense industry, construction, overseas Chinese affairs and reform through labor [lao gai 0525 2395]. Through all these reforms, the funds retained by the enterprises in various forms amounted to 240 million yuan in 1980, and will reach 270 million yuan in 1981. These measures have played a positive role in arousing the enthusiasm of the enterprises in strengthening their management, in promoting production and circulation, and in improving the economic results.

Fourth, supporting the development of production and construction. Although the allocation of funds for capital construction in the budget was reduced, those funds for tapping potential and technical transformation were increased. Even the funds for capital construction were increased through other channels. In 1980, 1,030 million yuan, an 18.4 percent increase over the previous year, was invested in capital construction in the province. In 1981, it was reduced to 870 million yuan by 15.8 percent. In these 2 years, the funds allocate in the expenditure budget for tapping potential and carrying out technical transformation, and the funds out of the revenue budget to redeem the loans incurred for the same purpose, totaled 255 million yuan. This was a strong impetus to the development of production. In the same 2 years, a development fund of 38 million yuan was allocated for supporting the under-developed regions, including the old revolutionary bases, the border and frontier regions, and the poor areas, in production and construction. At the same time, intellectual investment was increased. In 1981, the expenses paid for cultural, educational, scientific and public health undertakings were increased from 327 million yuan in 1979 to 452 million yuan at an average progressive increase of 17.4 percent each year. The expenses on education have been increased at an annual average progressive rate of 18.7 percent; that on science, at 19.7 percent; and that on public health, at 6.1 percent.

Fifth, the readjustment of proportionate relationship between accumulation and consumption and the initial improvement in people's livelihood. Living conditions in the countryside have shown marked improvement because of the introduction of the system of responsibility for production, the increase in the procurement prices for agricultural sideline products, the increased output of agricultural sideline products and the development of country fairs. The development of production and construction, the increase in job opportunities and the introduction of the bonus system have also markedly improved people's living conditions in the urban areas. For the personnel of government organs and public agencies who are not eligible for bonuses, rewards were offered for the practice of economy. The wages of elementary school teachers and some medical and sports personnel have also been increased since last October. To insure the supply of nonstaple food in the cities, part of the pork, fish and vegetables, sold at negotiated prices, are being sold at regular prices with government subsidies for the decrease of profits. The funds allocated for city construction in the budget and the share of profits retained by public utility enterprises for the same purpose totaled 39 million yuan in 1981, a 1.4 time increase over the total amount in 1979. In the past 2 years, 67 million yuan was allocated for investment in housing and for circulating funds. The completed housing areas reached 3.12 square meters. We also

allocated 14 million yuan to be used as circulating funds in providing jobs to the unemployed and for their training, and 310,000 persons have been employed through various channels. At present, people's livelihood and their housing conditions are still not quite satisfactory in the province. They can be gradually improved only on the basis of increased production and revenues.

Sixth, initial success in the use of overseas Chinese funds and foreign funds to promote the province's economic development. Since 1979, the province has signed 2,051 contracts for processing imported materials and assembling imported parts. The volume of materials processed totaled \$111 million, including a net income as fees for services rendered of \$10 million, and creating job opportunities for 44,000 persons. We have also signed 98 agreements on compensatory trade, and imported \$18 million worth of equipment and production lines which have helped promote the technical transformation of the existing enterprises and the upgrading of their products. For Chinese-foreign cooperation, 26 joint undertakings have been started, for which the overseas Chinese and the foreign merchants invested a total of \$19 million. There are now 14 joint ventures using Chinese and foreign investment with a total registered capital of \$12 million. In addition to importing 41 items of technology and equipment, they have also purchased 399 sets of advanced equipment costing \$48 million. Through economic activities abroad, the province has raised capital construction funds totaling 395 million yuan to be used in the construction of harbors, wharves, airfields and other infrastructural projects and coal and electric power energy projects.

Seventh, completion of the tasks of issuing national treasury bonds and extending loans to the central government. In 1981, the central government set a quota of 85 million yuan for the bonds to be sold in the province. We actually bought a total of 88.7 million yuan's worth. We also loaned to the central government 154 million yuan as our contribution to a balanced national budget.

Despite the achievements gained during the economic readjustment, many problems still remain. The latent danger in our national economy has not been completely wiped out, and the balanced revenues and expenditures in 1981 were obtained by tightening our expenses, and may not be stable. Market prices are still unstable. For some time to come, price subsidies of various types will continue to increase. The major portion of taxes and handed-in profits by the newly commissioned enterprises has to be used for redeeming the loans incurred for capital construction and tapping potential. The expenses of the public agencies engaged in cultural, educational, public health and scientific undertakings will continue to increase every year. Increased investment will be needed particularly for energy, communications and the auxiliary and infrastructural construction in the special economic zones. All this will sharpen the contradiction between the sources of our revenues and the needs for expenditures. At the same time, we have to fulfill the tasks of extending loans to the central government and purchasing treasury bonds. Therefore, in the next several years, there will be a fairly serious problem in keeping our revenues and expenditures balanced, and it is necessary for governments at all levels and the people in the province to make great efforts.

MINERAL RESOURCES

BRIEFS

GRAPHITE DEPOSIT--The largest graphite deposit ever found in China has been located near the Jixi City in eastern Heilongjiang Province, according to the province's geological department. The deposit, suitable for open-cut mining, was estimated [word indistinct] more than 300 million tons of high-grade ore in reserve, the department said. High-grade graphite can be used to make electrodes for arc furnaces, batteries and arc lamps, brushes for electric motors, and lubricants for machines. [Text] [OW102344 Beijing XINHUA in English 06123 GMT 6 May 82 OW]

CSO: 4020/125

INDUSTRY

URGENT NEED FOR FOOD INDUSTRY DEVELOPMENT STRESSED

Xi'an SHAANXI RIBAO in Chinese 11 Feb 82 p 1

[Article by Jiang Yi [3068 0001]: "Firmly Implement the Policy of National Economic Readjustment, Actively Develop Food Industry in Our Province"]

[Text] In his Report on the Work of the Government at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang gave prominence to the development of consumer goods industries and further adjustment of the service orientation of heavy industry, according to the second of "10 Principles." Through commodity exchange, the rapid development of consumer goods industries will further stimulate the development of agriculture, heavy industry and exports in foreign trade, and will more effectively meet the requirements for the improvement of people's livelihood. At the same time, it will help increase state revenues, stabilize the market prices, and provide more jobs for people. Development of consumer goods production will also bring about a rational structure of the whole economy and help solve the contradiction between accumulation and consumption. Therefore, in developing the production of consumer goods production, we can count on a steady speed and good economic results. It is a new way for people to obtain greater benefits.

I. Food industry is an important component of the consumer goods industry and a continuation of agricultural production, and has a close bearing on people's livelihood. By developing food industry, we can more effectively implement the policy of national economic readjustment, make better use of our resources, conserve our energy, and increase the use value of agricultural sideline products and animal products. Development of the food industry can also help readjust the economic structure of agriculture, promote the growth of sideline production in agriculture, forestry, animal husbandry and fishery; bring prosperity to the market, enrich people's life, increase the enterprises' income and state revenues, solve the employment problem and strengthen stability and unity. Therefore, the development of the food industry can bring great benefits to the state and the people and is a new important task in the economic construction which the province is now undertaking.

Food is an energy resource for the human body and the basic means of subsistence on which human beings rely for their survival and procreation.

All nutritious and nontoxic materials in nature are sources of food, and these natural products are called foodstuff. There is an abundance of foodstuff, both domesticated and wild, in the vast area of our province. In plant life, we have grain, edible oil, sugar, fruits, nuts and the highly-priced "monkey peaches," all in abundance. The yield of persimmons and apples is more than 2-3 million dan. Foodstuff from animals is also plentiful. There is pork, beef, mutton, milk, poultry, eggs, fish and oil from animal fat. Among the chemical materials suitable for food are yeast, baking soda, edible soda powder, edible additives, spices, MSG, food preservatives, concentrated or synthetic albumen, and so forth. All these are nutritious materials to be used as condiments. From this, we can see that our province has rich resources and a good future in the food industry. At the same time, along with the development of agricultural and industrial production and the improvement in people's livelihood, there is also an increasing demand for food. Furthermore, food is processed from agricultural products. Agricultural development supplies the resources for the food industry and this can help peasants increase their income. This will also provide a good market for the food industry. That is why we say that there is a good future for the food industry. Along with the development of industry, the increase of agricultural sideline products from economic diversification, the rise in people's purchasing power, and the expansion of tourism, there will also be a high regard for the food industry. At long as we can emancipate our minds, increase our knowledge and provide more active leadership, there will be a great development in the food industry in our province.

II. In the food industry, our handicraft workshops in the early postliberation have been transformed into a number of enterprises with a certain level of technical equipment and technical personnel. In 1980, there were in the province a total of 964 food industrial enterprises with fixed assets totaling 250 million yuan, more than 52,000 workers and staff members, and a total output value of more than 935 million yuan, or 8.7 percent of the total industrial output value in this province. In this respect, it ranks fourth, below the machinery, textile and light industries. Its industrial accumulations total 171 million yuan, and is 10.6 percent of the total industrial accumulations. In this respect too, it ranks fourth.

Among all production trades, the food industry in our province has gradually become a system with a fairly complete assortment of products. This system now includes grain and oil processing, slaughtering and meat production, sugar refining, wine brewing, and the production of tobacco, salt, candies, other delicacies, milk, condiments and so forth, totaling over 10 different trades. It has helped meet the requirements on the market and among the people. However, we must also note that its development has been slow and is incompatible with the development of the entire national economy as shown in the following respects:

(1) Low speed of development. According to comparable data, the total output value of our food industry in 1978 was 760 million yuan, and the volume of food sales was 1.6 billion yuan, being only 48 percent of the purchasing power. In 1979, the national per capita output value of the food industry was 54.4 yuan, while that of our province was only 30 yuan, only 44 percent of the national average.

(2) Little varieties, poor quality, and the continued reduction of our well-known traditional special products. According to the statistics compiled by Xian Municipality, we formerly had more than 200 varieties of food on the market; now there are only some 80 varieties, which is far from adequate for the market demand. Besides, many varieties have sanitary problems.

(3) Scattered management by many departments. At present, food industry in the province is under seven different departments, namely, the first light industry bureau, the commerce bureau, the grain bureau, the foreign trade bureau, the supply and marketing cooperative, the commune-production brigade enterprise bureau and the agriculture bureau, each taking care of its own affairs; and there is no department to work out a unified and harmonious balance or to plan the layout of production. Consequently, there is much confusion in production and circulation as shown by the disjointedness between production and demand, and the separation between production, supply and marketing. Among these departments, mutual hindrances are quite common. At the same time, there is blind development and overlapping plant construction. Their competition with one another for raw materials is also fairly serious.

(4) The minds of the leaders at various levels are not sufficiently emancipated, and their ideas are not practical enough for the present realities. Due to the shortage of investment, there is not enough economic support. Goods cannot circulate freely and there is no special base for the supply of raw materials. The technical force is weak, while management is poor.

Food industry has the advantage of requiring less investment, producing quick results and providing more job opportunities. Investment in a food industry project can be fully recovered within 2 or 3 years, and the recovery here is 4 or 5 years earlier than in the machinery industry. As for labor productivity, the output value per worker in the present food industry doubles that in other industries in general. Furthermore, the investment of every million yuan in food industry can accommodate more than 400 workers. That is why we should take strong measures to expedite the development of food industry and to end its present passive position.

According to an estimate, the purchasing power for consumer goods in our province will reach 6.3 billion yuan and that for food will approach 3 billion yuan in 1985. Even though the ratio of the food industrial output value to the food purchasing power is set at as low as 50 percent, the food industrial output values should reach 1.5 billion yuan, nearly doubling that of 1980. To accomplish this very arduous task in the light of actual conditions in our province, we should pay particular attention to the following points:

(1) Vigorous development of preserved food, cooked food and traditional food. At present the amount of processing for preserved food and pastry in our province is very small and very far short of the market demand. Xi'an has the equipment for a daily output of 10,000 jin of bread, and the trial production has been a success. We should give this product every support in

order to blaze a new trail for the development of our food industry. Next, we should pay attention to our meat products. At present, the meat products in our province account for only 0.7 percent of our pork, and from this, we can see the very great potential for the development of meat products. As long as we regulate our production and adopt advance techniques, there will be a bright future in this undertaking. Hereafter, except for special needs, we should reduce the number of pigs to be brought out of the province and use part of the pork for making preserved meat. The export of preserved meat will become an important means of developing our food industry.

(2) Increase in the production of our traditional high-price food. We have many highly priced food items welcomed by the broad masses, such as xifeng [west wind] wine, the Sanyuan brand candy, "peach" cookies, the crystal cakes of Xi'an, the preserved mutton, and the Tongguan vegetables with sauce. We should improve a number of products, let them find a firm foothold outside the province first, and then help them make their way into the international market. This is an important step in the improvement of our food industry. Some traditional products are still processed manually; we must change this backward mode of production into industrialized production.

(3) Development of our strong points in producing milk products to start the production of nutritious food. We already have a fledgling milk product industry, and can take great advantage of this strong point. We should work out our plans carefully and first establish a base for the production of 10,000 tons of milk products, and then gradually increase the varieties. Proceeding from this base, we will study and develop the production of nutritious food, baby food, food for aged people, food for women, food for tourists, inflight means, and easily served food.

(4) Utilization of local resources to develop food processing. Our province has abundant domesticated and wild resources of food. There are seven types of "monkey peach" with the reputation of "precious fruit of the world," and even the ordinary peaches are of fine quality, compared with others in the country. At present, these two types of canned fruit have become highly competitive commodities in the world market. We also have green tea and chestnuts, which should be fully utilized for processing into fruit sauces, fruit juice, dried fruits, fruit wines and various types of cold drinks. We should promote primary processing, intermediate processing and fine processing, and by this means, our food industry can certainly be rapidly developed. When our milk powder has been transferred to Shanghai in large quantities, what needs to be done is to add some cocoa or tangerine powder and sugar in turning the milk powder into cocoa milk or tangerine milk through fine processing. The profit will be increased by more than 40 percent.

Food industry is intended to serve production and people's daily life. It is therefore necessary to study the market conditions and people's needs all the time. The profitable items as well as the less profitable ones should be developed. We must never confine our efforts to the profitable items and neglect the less profitable ones. Some food processing is less profitable. However, even at less profit, we can sell more. Some food items are special

consumer goods, and we can raise their grades to meet market demands. For the items needed by the broad masses, such as soybean sauce, vinegar, and so forth, we must guarantee their ample supply. Instead of striving for only high-grade products, we should have a combination of high, medium and low grades so that people can enjoy the convenience and feel the superiority of the socialist market.

How to develop food industry? This is a very important question. First, we have to take the road of tapping potential and carrying out technical renovation and transformation, and make use of the old factory premises, the equipment that can still be used, and the labor power left after the "closing, suspending, merging and retooling" treatment, for development from lower to higher levels. Second, we have to adopt the method of joint state and collective operation for a pooling of funds; then we will invite the participation of the masses as shareholders, and obtain some loans for financial support. For these new enterprises, supports should be given through the tax policy or the retention of profits. In order to strengthen leadership by the different departments in their separate management, the food association and the relevant departments should carry out joint investigations and study, in order to work out well coordinated plans and a unified layout of production, and be finally examined by the planning and economic commissions and included in their general plan. Fourth, for the food industry as a special trade, there should be cooperation from an agricultural raw material base to insure the supply of the required materials. Fifth, we must stress hygienic conditions, nutrition and suitable specifications. Finally, we have to pay great attention to technical training and scientific research so as to develop new techniques for food production, to contribute to the great development of our food industry and to meet the requirements of market supply.

9411

CSO: 4006/344

INDUSTRY

FOREIGN FUNDS USED TO DEVELOP LIGHT, TEXTILE INDUSTRIES

Hangzhou ZHEJIANG RIBAO in Chinese 29 Jan 82 p 1

[Article by staff correspondent Ren Ruizhen [0117 3843 3791]: "Foreign Funds Utilized To Develop Light and Textile Industries in Many Forms by the First Light Industry Sector in Our Province"]

[Text] Proceeding from realities, the first light industry sector in our province has actively utilized foreign funds for developing light and textile industries with fairly good economic results. Its basic experiences are as follows:

1. Utilization of foreign exchange Loans for Importing Advanced Equipment and Technology To Revitalize Our Light and Textile Industries

With the assistance of banks and the Ministry of Foreign Trade, the first light industry sector in the province has used foreign exchange loans to import from West Germany, Japan and Italy 94 sets of 32 varieties of fairly advanced printing and dyeing equipment and instruments so that the principal Printing and Dyeing Plants in the province can be "better armed." Most of the imported equipment is now in operation. At present, in addition to dyeing, printing and finishing various types of silk and chemical fiber fabrics, these plants are able to undertake resin finishing, and nylon coating, thus filling a gap in our province. The fabrics treated by these sets of equipment are neat, smooth, crisp and evenly colored, and the quality of products is markedly improved. Their competitive power in the home and foreign market has been strengthened. In 1981, our province had a flying start in our independent export of silk. In the same year, we earned \$107 million. The increase of our printing and dyeing capacity has enabled us to intensify our silk processing. Now, we are capable of printing and dyeing 180 million meters of silk, and the ratio of silk printing and dyeing has been raised from 70 percent last year to the present 78 percent. This alone has increased our output value by 20 million yuan. By the end of 1981, the foreign exchange loan used for importing the equipment had been fully repaid. Besides, the first light industry sector of the province has also imported a production line for dyeing and printing broad width fabrics and another production line for producing large empty cans. These production lines are of great help to the production of broad width fabrics--a project which has been promptly started--and to the export of canned food.

The importation of advanced equipment has also promoted the development of our machinery industry. With the close cooperation of the first light industry sector, the Hangzhou Turbine Plant imported some foreign technical data in 1981, and, within the same year, successfully manufactured a first-rate dyeing machine. In addition to meeting the requirements of the printing and dyeing plants in our province, it has also helped Shanghai, Tianjin, Guangdong and other fraternal provinces develop their light and textile industries.

2. Compensatory Trade With Foreign Merchants Helped Solve Problem of Funds Required for Developing Light and Textile Industries

There are rich resources of rabbit furs in Jiaxing Prefecture, but no plant to process these furs. In the past, rabbit furs were exported and the foreign exchange earnings from this source were not significant. In 1980, with the help of the relevant departments, Huzhou Municipality signed a compensatory trade contract with a Hong Kong merchant to form the Huzhou No 1 Woolen Textile Mill for producing rabbit fur yarns. The total investment was 1.53 million yuan, of which 70 percent came from the Hong Kong merchant. In only 10 months, the mill was completed and began its operation. The Hong Kong merchant's investment was completely returned in half a year. Now, this mill can collect more than \$200,000 each year for services rendered. The first light industry sector in the province has signed nine similar compensatory trade contracts with foreign merchants, who have altogether invested \$6.42 million. Thus we can promptly start our projects without spending much money and can produce good results.

3. Use of Foreign Funds To Purchase Raw Materials in Short Supply and To Produce Urgently Needed Products for the Market

In the past 2 years, with the support of the provincial people's government, the provincial light industry department has collected a total of \$27 million from the sharing of foreign exchange from exports, the local share of foreign exchange and the adjustment of foreign exchange; and used the money to import shipments of tobacco, sugar, chemical fibers, packaging paper and other raw materials. Production was promptly organized to enrich market supplies. The shipment of chemical fibers, in particular, provided a firm foundation of raw materials for the upgrading of textile products in the province, and large quantities of high and medium-grade chemical fiber products have been produced. According to statistics, more than 1,000 varieties of new chemical fiber products were put on the market last year. Thus with the raw materials purchased from abroad, we have been able to organize our own production, to develop the light and textile industries in the province, and to increase the state's accumulation funds. The purchase of 100,000 dan of tobacco, for example, could increase our cigarette production by 90,400 cases, which can help the state withdraw 98 million yuan from circulation.

4. Processing Imported Materials To Increase Foreign Exchange Earnings and To Create More Job Opportunities

In the past 2 years, the silk, textile and light industry companies affiliated with the provincial light industry department have signed many contracts with foreign merchants for processing imported raw materials and assembling imported

parts. Among others, they have processed more than 20 million yards of cotton cloth, more than 6,000 bales of cotton yarns, 3 million yards of nylon fabrics, some 5,000 sashes for Japanese kimonoes, some 30,000 embroidered dresses and 190,000 wrist watches. After all the processing according to the contracts, they can collect processing fees totaling \$8.7 million. This form of business is flexible and simple, costs little money, but yields quick results. Besides bringing into play the technical strength of our province in the light and textile industries, it has also provided more job opportunities and increased the masses' income.

9411

CS0: 4006/365

INDUSTRY

IMPORTANCE OF CONSUMER GOODS INDUSTRIES DESCRIBED

Hangzhou ZHEJIANG RIBAO in Chinese 3 Feb 82 p 4

[Article by Lu Jiaheng [4151 0502 0077]: "On the Important Place Occupied by Consumer Goods Industries"]

[Text] In his "Report on the Work of the Government," Premier Zhao Ziyang put forward 10 principles for economic construction and stressed the need to give prominence to the development of consumer goods industries and to further adjust the service orientation of heavy industry. This is of great significance to the continued implementation of the policy of national economic readjustment in order to bring about a rational economic structure and the healthy development of our national economy.

Consumer goods industries directly serve people by meeting their needs for clothing, food, housing, travel and other things. The sacred duty of a socialist country is to gradually improve people's livelihood according to the goal of socialist production and on the basis of developing production. Stressing the need to give prominence to the development of consumer goods industries and the need for heavy industry to serve the development of agriculture and light industry--instead of one-sidedly stressing the development of heavy industry itself--is tantamount to stressing the need to proceed from the urgent needs of the people and to stipulate the orientation of development for agriculture, light industry, heavy industry and the entire national economy according to the goals of socialist production. Therefore, instead of a temporary expedient, development of consumer goods industries is a question of developing the national economy and the orientation of this development. This will be the policy of economic development which must be carried out for a fairly long period hereafter.

The development of consumer goods industries plays an important role in the further readjustment of the national economy, in eliminating the hidden danger, and in achieving a rational economic structure. Such a development will help improve market supply by providing more consumer goods, speed up currency withdrawal, stabilize the market prices, and safeguard an all-round political and economic stability. Consumer goods industries require less investment and consume less energy, but yield quick results, increase accumulation, provide more job opportunities and will help solve the serious problems of a large population, a weak economic foundation and the shortage of funds, energy resources and job opportunities. At the same time, the development of

consumer goods industries will promote our export trade and increase our foreign exchange earnings. The remarkable success of the national economic readjustment has shown that the shift of priority from the development of heavy industry to the development of consumer goods industries can enable us to extricate ourselves from the serious difficulties of economic and financial imbalances, to eliminate the hidden danger, and to achieve economic stability.

Vigorous development of consumer goods industries will also lead to the development of heavy industry and agriculture, and serves as the key to a rational economy. On the one hand, the situation in the countryside is continuing to improve and people everywhere are getting more income. There will be a good market for consumer goods which will become a strong driving force in the development of consumer goods industries. On the other hand, the development of consumer goods industries will require the supply of equipment and various raw materials from the machinery, electronic, chemical industry, metallurgy, and building materials departments. It will be necessary for heavy industry to serve consumer goods industries instead of capital construction, and to end the irrational situation of "self-cycling of heavy industry and self-struggle of light industry." At the same time, the development of consumer goods industries will not only meet the peasants' urgent needs for industrial consumer goods and arouse their enthusiasm in selling more agricultural sideline products, but also prompt the peasants to supply more raw materials for the light and textile industries which will in turn create a good market for agricultural sideline products.

Giving prominence to consumer goods industries does not by any means deviate from the Marxist theory of reproduction nor ignore the law of priority for the increase of the means of production. Production of the means of production and production of the means of consumption--or the production of the two main categories--must suit each and be kept balanced, and this is the basic condition for reproduction. Stressing the development of consumer goods industries does not mean the rejection of the balanced relationship between the two main categories in production or of the need for priority for the increase in the means of production. It only demands that heavy industry, which produces the means of production should meet the requirements of the consumer goods industries and serve them accordingly.

In short, giving prominence to the development of consumer goods industries and further adjustment of the service orientation of heavy industry, far from deviating from the Marxist theory of reproduction or ignoring the leading role played by heavy industry in our national economic modernization, are advocated in the light of actual conditions in our country and according to objective economic laws. Implementation of this policy will arouse enthusiasm in various quarters, and promote the coordinated development of various economic sectors with even better economic results. It will further increase social wealth and benefits for the people, and the entire national economy will develop even more rapidly on a new foundation.

FOREIGN TRADE

PRC TO DISTRIBUTE DOCUMENTS ON OIL BIDDING 10 MAY

OW091628 Beijing XINHUA in English 1500 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA)--Documents on the first round of bidding for the joint exploitation of China's offshore petroleum resources will be distributed tomorrow to representatives of the applicant foreign petroleum companies, the China National Offshore Oil Corporation announced today.

Forty foreign petroleum companies applied for participation in the first round of bidding, which covers an area of 150,000 square kilometers at the Pearl River mouth, the southern part of Beibu Gulf, the western part of Yingge Sea Basin and the South Yellow Sea. Representatives of the 40 oil companies will receive from the C.N.O.O.C. copies of the model contract, bid proposal forms and Chinese laws and regulations concerning the exploitation of offshore petroleum resources, taxation and other affairs.

These foreign oil companies, which are from the United States, Britain, Canada, Australia, France, Japan, Italy, the Federal Republic of Germany, Spain, Brazil and Kuwait, are required to forward their bid proposals to the C.N.O.O.C. within 100 days from tomorrow.

Qin Wencai, C.N.O.O.C. president, gave a buffet dinner this evening in honor of the representatives.

CSO: 4020/125

FOREIGN TRADE

ZHUHAI MAYOR ON ZHUHAI'S ECONOMIC CONSTRUCTION

HK070305 Beijing ZHONGGUO XINWEN SHE in Chinese 0743 GMT 6 May 82

[Text] Beijing, 6 May (ZHONGGUO XINWEN SHE)--At the recent second session of the first Zhuhai municipal people's congress, Wu Jianmin, mayor of Zhuhai Municipality, Guangdong Province, put forward this year's major tasks for the economic development of Zhuhai Municipality as follows: We should persist in promoting external economic dealings as the central task, and develop various other sectors, such as industry, agriculture, fishery, commerce, culture, education, health work and tourism.

Wu Jianmin said that Zhuhai Municipality must properly carry out the following tasks this year:

We must resolutely implement the policy of opening up to the outside world and enlivening the domestic economy. We will introduce a number of projects that can help change the face of Zhuhai, such as projects for generating power and for transport, telecommunications, the precision instrument and electronics industries, and the porcelain and glass industries, which both use local raw materials.

We must enhance the construction of the special economic zone. In the eastern district, we should complete the basic construction projects this year, open up the navigation route between Jiuzhou Port and Hong Kong and finish 22 other complete-set projects. In the central district, we should strive to start work on contracted development projects in the second half of this year. In the western district, we will construct a wharf at Wanzai and actively make preparations for development.

In industrial production, we should mainly develop the production of consumer goods such as those in light, textile, electronics and foodstuff industries and of construction materials. Besides striving to put into operation nine projects for producing new products, we should make efforts to raise the quality of domestic electrical appliances, daily-use consumer goods and tourist commodities.

The main task for urban construction this year is to improve the roads. We should strive to complete the municipality's first road, 8 kilometers long and 40 meters wide. We plan to use foreign investment to gradually construct 15 scenic spots in order to turn Zhuhai into a very good place for tourism.

CSO: 4006/437

FOREIGN TRADE

BANK OF CHINA LOANS INCREASE EXPORTS

Beijing RENMIN RIBAO in Chinese 24 Mar 82 p 2

[Article by Zhang Xijun [1728 6932 6874]: "Our Country's Loans for Production of Export Commodities Bring Beneficial Results"]

[Text] The Bank of China began issuing short-term and intermediate loans in the latter half of 1980 in order to back the development of production of export commodities and to accumulate foreign exchange funds in order to support the four modernizations. During the period of a year, this new type of loan has produced fairly significant beneficial results.

By the end of 1981, from statistics of 22 provincial and municipal branches throughout the country, this type of loan was approved for a total of 664 items, amounting to a sum of more than 310 million yuan. At present, economic results have been realized or partially realized from 212 of these items, with an increase in industrial output value of more than 270 million yuan, tax revenue of 47,430,000 yuan accrued, and export revenue of \$64,120,000 accrued.

There were 491 items among the 664 approved which were from light and textile industries. Their loan amounts constituted 57.4 percent of the total sum approved. Sixty percent of the cotton blankets produced by the Tianjin Cotton Blanket Mill are for export. To expand production, this mill requested a loan of 600,000 yuan to buy advanced equipment. All equipment is now in operation. Production of cotton blankets increased to 200,000 and revenue from exports increased to \$1,360,000. The Harbin Bearing Plant, to expand production of the "hot-selling" miniature bearings, obtained a loan of 2 million yuan from the Bank of China, and set up two production lines to produce the miniature bearings. Within only 9 months of the start of production in March, 1981, the output of miniature bearings was increased to 1.2 million, of which 600,000 were for export. At present, this factory has paid back 600,000 yuan of the loan.

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CSO: 4006/393

FOREIGN TRADE

BRIEFS

LIAONING PORT EXPORTS--Shenyang, 26 Apr (XINHUA)--Exports from the port of Dalian in Liaoning Province came to 1,077.4 million U.S. dollars in the first quarter of this year, 27.6 percent higher than in the 1981 like period, according to the Liaoning Provincial Foreign Trade Department. Compared with the same period of 1981, textile exports rose 47 percent, animal products 45 percent, metal and mineral products 39 percent and chemical products 32 percent, the department said. Export goods registering even greater gains included pig iron. Hardware, alloyed alumina ingots, naphtha, talcum powder, apparel, rubber and cloth shoes. More than 600 kinds of goods went to 130 countries and regions in the first quarter of the year, the department said. Exports to Japan reached 677.45 million U.S. dollars, 62.7 percent of the total, or an increase of 22.6 percent over the corresponding period last year. [OW021351 Beijing XINHUA in English 0722 GMT 26 Apr 82 OW]

HONG KONG BUSINESS VENTURE--Beijing, 30 Apr (XINHUA)--The Beijing Air Catering Company, China's first joint venture with a Hong Kong firm, has reported business boom after two years' operation. It is now supplying 14 foreign airlines with meals, cold dishes, refreshments and other services. Based at Beijing International Airport, the Beijing Air Catering Company has in the past two years netted a profit of 2.2 million yuan. Its service quality has been greatly improved. This was announced today by the company's general manager, Xu Zhixue, at a board meeting here. The company is supplying foreign and domestic airlines daily with 300 sets of meals, 5 times the figure when it was first set up in 1980. Among the favorite dishes the company serves is Beijing roast ducks. The company also prepares dinners and buffets for customers in Beijing. The general manager said, the company is preparing a new food supply center in Shanghai airport, ready for service this autumn. [Text] [OW301545 Beijing XINHUA in English 1535 GMT 30 Apr 82]

GUANGZHOU FAIR ENDS--Guangzhou, 5 May (XINHUA)--China's 1982 spring export commodities fair closed today at the Guangzhou Foreign Trade Center. More than 9,600 business people from 69 countries and regions participated in trade negotiations. Business transactions were concluded for the export of machinery, chemical products, minerals, hardware and arts and crafts articles. Business transactions for imports included industrial chemicals materials, dyestuffs, medicines, pesticides and precision instruments. [Text] [OW062000 Beijing XINHUA in English 1515 GMT 5 May 82]

HEILONGJIANG DELEGATION TO JAPAN--A 25-member Heilongjiang provincial visiting delegation headed by (Wang Jin), deputy director of the provincial trade union council, left Harbin for Japan by plane on 2 May. [SK031029 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 May 82 SK]

TRANSPORTATION

SOLUTIONS TO EXISTING TRANSPORTATION PROBLEMS SUGGESTED

Beijing GONGREN RIBAO in Chinese 16 Feb 82 p 2

[Article by staff correspondent: "Three Major Problems To Be Solved by Workers on the Transportation Front--Railway Transport for Coal from Shanxi, Transport for Import-Export Cargoes in Coastal Ports, and Transport for Passengers"]

[Text] A responsible comrade in charge of communications and transportation in the State Economic Commission recently told this correspondent: "This year, there are still three problems in communications and transportation, namely, railway transportation primarily for carrying coal out of Shanxi, transportation for import-export cargoes for foreign trade at the coastal ports, and transportation for the rapidly increasing passenger traffic." Unless these three problems are positively solved, the development of the national economy, the four modernizations and stability and unity will be directly affected. He continued: "Last year, the communications sector treated these three problems as the main target of their efforts. They still remain as the principal contradictions for this year, next year or even for some years to come. We must make great efforts to solve them."

How the Situation of Transporting Coal from North to South Was Brought About

After minutely analyzing the causes of these contradictions, the responsible comrade said: The reason why coal transportation has become a sharp contradiction is that our coal-producing areas are mainly concentrated in Shanxi, Henan, Shaanxi, Nei Menggol and Ningxia, while the industrial areas are concentrated in northern China and the northeast where no coal is produced. Thus we have to transport coal from west to east and from north to south over long distances. Now, coal transportation accounts for 40 percent of the total railway traffic, and 80 percent of the coal is for the coastal areas east of the Beijing-Hankou Railway. Railway facilities in these areas are poor and far from adequate for handling the traffic. This imbalance between production and transportation and the disjointed supply and demand are expected to remain serious in the next several years.

Causes of Heavy Pressure on Transportation at Ports and on Passenger Transportation

Speaking of the problem at the ports, the responsible comrade pointed out: At present 90 percent of our foreign trade is carried on through the coastal parts, and we are very short of berthing facilities. These ports therefore cannot meet the requirements of the expanding foreign trade. This year, the import-export cargoes according to the state's foreign trade plan and the transportation tasks for foreign trade at the ports will be increased by a wide margin. Because of these increases, there is the hidden danger of harbors being choked up by loaded ships.

As to the continued increase of passenger traffic he pointed out: In recent years, our passenger traffic has greatly increased, now averaging 10 million persons daily. Although the railway, highway, waterway, and air transportation departments have taken various measures to tap their resources, there are still serious problems with overloading, sometimes by carrying twice the allowed capacity, particularly in the case of trains. For the Beijing-Guangzhou, Tianjin-Pukou, Longhai, Beijing-Shenyang, Zhejiang-Jiangxi, and the Jiaoji lines, the pressure is heavy throughout the year.

Accelerated Construction Through Effective Use of Funds as a Radical Treatment

How should these problems be solved? The responsible comrade said: The radical treatment is to expedite the construction of railways and harbors. This year, the state has already increased the investment in communications and transportation construction. We will carefully manage and use these capital construction funds in the construction or reconstruction of the nine railway trunk lines or coal transportation lines, including Jingshan, Jingtong, Jiaoji and Hanchang lines, whose responsibility for coal transportation is the heaviest; and in engineering projects for the six electrified railways, namely, Longhai, Jingbao, Shitai, Xiangyu, Chengyu, and Xiangqian lines. Harbor construction will be expedited with particular attention to complete sets of equipment so that they can bring about timely economic results.

Quicker Effects of Symptomatic Treatment

While radical treatment is undoubtedly important, symptomatic treatment can produce quicker effects in view of the state's limited funds for construction. In the near future, we should increase the transportation capacity through technical transformation and by tapping potential. For example, in the Fengsha section of the Jingbao line, we can use double-locomotive towing to increase the capacity, and raise the traffic rate by improving the signal system in combination with engineering projects of electrification. For the harbors, we can increase the space for stowage in lighters and make full use of the private wharves of industrial and mining enterprises. Practice has shown the efficiency of lighters in loading and unloading.

As for passenger transportation, we should develop joint transportation, joint operation, and use of container and bulk cargo loading, and strengthen our management. These methods are quite effective in raising our transportation efficiency and increasing its capacity, and should deserve full attention.

TRANSPORTATION

ELECTRIFICATION OF RAILWAYS IN PROGRESS

Engineer's Views

Xi'an SHAANXI RIBAO in Chinese 17 Jan 82 p 2

[Article by Yan Wenjiao [7051 2429 2403] and Chen Guangying [7115 1639 3841]: "Let the Motherland's Railways Be Electrified at an Early Date--Engineer Xun Yunqi [5424 0061 1477] Discussed Electrification of Railways"]

[Text] Railways as a means of transportation are a "main artery" in the national economy and the "vanguard" in socialist construction. How to accelerate the modernization and electrification of railways in the four modernization drive is now a matter of great concern to all people. Recently, the Xi'an Railway Administration Bureau held a meeting to celebrate the 20th anniversary of the opening for traffic of the first electrified railway (Baofeng section) in our country. We took this opportunity to interview Comrade Xun Yunqi, the engineer in charge of design for the Electrification Engineering Bureau of the Ministry of Railway and secretary general of the Special Electrification Committee of the China Railway Academic Association, when he was participating in the celebration; and asked him to talk about this subject.

Comrade Xun Yunqi said: Along with the march of time, electrified railway as an advanced means of transportation is being universally developed in various countries in the world, while steam locomotives as a means of towing have already received the "death sentence" because of their low efficiency, the poor conditions of labor involved, their high energy consumption, the environmental pollution, and other weaknesses. Since the electrified railway at the Baofeng section was open to traffic in our country, a total of more than 1,600 kilometers of these lines have also been opened, while more than 1,000 kilometers of them are still under construction. This is a gratifying achievement for us in the past 20 years.

Comrade Xun Yunqi continued: Because of the "10 years of turmoil," the electrification of railways in our country has been very slow, compared with other countries, and incompatible with the developments in socialist construction. There is now an urgent need for us to adopt suitable measures to catch up with the other countries. From what we have learned after summing up the experiences, there are still some problems with the electrification of our

railways. First, we did not at the very beginning lay the focus of construction on the main trunk lines, such as the Beijing-Guangzhou and the Longhai lines where the traffic is always heavy. At present, our electrified railways are mostly spread out in the mountainous areas in the southwest and the northwest where the traffic cannot be very heavy. Thus electrification was not carried out first in the areas where it is most needed and where it can play a more useful role. This question should be borne in mind at the later stages of construction. Secondly, as to the electrified railways which are in operation, the power transformation stations, the power supply system and other technical equipment are rather backward. As a result, the trains cannot run fast enough and the transportation efficiency is not high enough. Electrified railways have not played their role as they should. In future, we must make great efforts to solve these problems.

Speaking of the future development in electrified railways, Comrade Xun Yunqi said with great confidence: We have a bright future. Since the smashing of the "gang of four," the party Central Committee has led us in speeding up the construction of electrified railways and we have accumulated rich experiences since the building of the first electrified line. We have also trained a number of personnel and blazed some trails in technology. As long as we can take advantage of other people's strong points to develop our own, we can certainly catch up with, or even surpass them as far as the speed of construction is concerned. However, Comrade Xun Yunqi strongly pointed out, we should quickly train a number of technical personnel for designing and constructing electrified railways, for manufacturing the required equipment, and for managing their operation. Those who are now working on electrified railways are mostly graduates of universities and vocational colleges of the late 1950's and the early 1960's. They are now in their 40's or 50's, and we are in urgent need of new strength to swell the ranks. Furthermore, among the many institutes of higher learning for railways in the country, only the Southwest Communications University offers a special course in electrification while some of them do not even include a special course of electrification management in their curricula.

Comrade Xun Yunqi finally said: We need support from various quarters for accelerating the electrification of the motherland's railways and hope everyone will contribute their ideas to "put wings" on the electrification of our national railway transportation.

Progress in Tianlan Line

Lanzhou GANSU RIBAO in Chinese 8 Feb 82 p 1

[Article by Shen Peide [3947 1014 1795]: "Electrification of Tianlan Line Makes New Progress"]

[Text] Lanzhou--Electrification for the technical transformation of the Tianlan Railway has made new progress.

Displaying the spirit of national construction through diligence and frugality and the pioneering spirit of hard struggle, the broad masses of railway

workers, engineers, technicians and cadres at various levels now struggling at the electrification work sites are doing everything they can with the sense of being masters of their own affairs, despite various difficulties caused by the shortage of funds and materials, the collapse of the Baotian section on two different occasions, and the heavy strain on transportation facilities. By the end of last December, they had completed a total of 243 small and medium-size bridge culverts (including those of multilayer intercrossing bridges) along the Tianlan Railway, and thus fulfilled 95.6 percent of the designed work. They also reconstructed 35 stations; built houses totaling 41,800 square meters of floorspace for both residence and production; erected 6,500 posts and put up 337 kilometers of lines for the power grid; laid 284 kilometers of long distance communications cables; basically completed the stone and earthwork for the foundation of the railway and other projects for its improvement; and built 21 central power stations.

At present, one-half of the projects covered by the total investment have been completed. Except for the expansion of two stations in the Tianshui-Longxi section, the concentration of electricity in three stations and a small amount of work on the power grids, all other projects have been completed. Technical transformation on the western intersection of Lanzhou, which accounts for one-third of the total investment in the electrification of the Tianlan Line, is now going on at full speed. Reconstruction of the tunnel, beginning from under the freeway, which crosses Lanzhou City, and ending at Xiaxyuan; and the major repair on the line were completed by the workers of the Lanzhou Railway Administration Bureau after 100 days' hard struggle. On 8 January, the laying of tracks, which marked the final phase of the reconstruction of two tunnels, was completed. By now, reconstruction of the 50 tunnels required for electrification of the Tianlan Railway has been completed.

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CSO: 4006/344

TRANSPORTATION

NEW RECORD SET FOR COAL TRANSPORTATION VIA DATONG RAILWAY

Beijing GONGREN RIBAO in Chinese 15 Feb 82 p 1

Article by staff correspondent: "Workers of Datong Railway Overfulfilled Coal Transportation Plan by 80,000 Tons in 40 Days"]

[Text] Despite the cold weather and the heavy passenger traffic during the Spring Festival, the workers and staff members of the Datong Railway Administration Branch Bureau have given outstanding performances in the transportation of coal. In 41 days since the beginning of this year, they transported 4,454,000 tons of coal, 80,000 tons over the planned amount, which is the best record ever attained.

The Datong Railways Administration Branch Bureau is located in a coal mining area and undertakes the transportation of coal produced by more than 300 mines of all sizes. The coal has to be supplied to more than 2,000 large and medium-size enterprises and seaports throughout the country. This branch bureau is now transporting approximately one-tenth of the total amount of coal transported by railways throughout the country. It is in the section of the railway handling the heaviest coal traffic.

This year, the state plan of coal transportation for this branch bureau calls for an addition of 2.09 million tons over and above what was actually completed last year. Thanks to the all-out efforts of the workers of the Datong Coal Mine, coal output has increased by a wide margin since the beginning of this year. Their performance greatly inspired the workers of the railway administration branch bureau, who decided to transport more coal to support production in the industrial areas and to meet the people's daily needs. The transport controllers intensified their planning and arrangements to insure the safe, on-time and smooth operation of trains. The locomotive operators also pledged to tow more and to run faster. In the northern section of the Tongpu line, there is a fairly steep slope, and the towing capacity for each locomotive is limited to 1,400 tons. After assuring the train's safety, the locomotive operator towed 3,500 tons, thus more than doubling the capacity. By the first 10 days of February, the branch bureau had already loaded more than 90,900 wagons, some 200 wagons over the planned number.

9411

CSO: 4006/365

GENERAL

TOTAL REORGANIZATION OF COMMERCIAL ENTERPRISES ORDERED

Shijiazhuang HFBEI R1BA0 in Chinese 14 Mar. 82 p 2

[Article by Organizational Office, Finance and Trade Department of the Provincial Party Committee: "Reorganization of the Financial and Trade Enterprises Is Imperative"]

[Text] This year, the party Central Committee and State Council have ordered that within a time frame of 2 to 3 years all state-owned industrial enterprises are to be totally reorganized, step-by-step in a planned way, with individual sites combined with the entire area by stages and in groups. The thrust of this order is fully applicable to the financial and trade enterprises. Financial and trade offices at all levels throughout the province must conscientiously and thoroughly put this into effect and strive to do a good job in accomplishing a total reorganization of the financial and trade enterprises.

The financial and trade battlefield is a major component of the national economy. Reorganizing and building the financial and trade enterprises well, will be of major significance toward the successful building up of socialist material and spiritual civilization. At the moment, the mainstream of the financial and trade enterprises throughout the province looks good. However, there are a considerable number of enterprises which still have a lot of problems concerning ideology, organization, management and administration, and the work style of the leadership, and are very far from being able to adapt to the requirements of changing circumstances. For this reason, a total reorganizing of the financial and trade enterprises is imperative. The reorganization of the financial and trade enterprises must take as a weapon, spirit of the 3rd Plenum and the resolution of the 6th Plenum of the 11th Party Central Committee. The breakthrough point must be the implementation of the management responsibility system. Emphasis must be placed on reorganizing and building up the leading groups, and the objective is to improve the economic results, and successfully build up the socialist material and spiritual civilization. After reorganizing, we must continue criticizing and clearing out the leftist erroneous influence, thoroughly complete bringing order out of chaos in the real work and solve the problems currently existing in the enterprises. We must totally implement the lines, principles and policies of the Third Plenum, bring into full play

the initiative of the cadres, staff and workers, and fulfill or overfulfill the quotas in every financial and trade task. At the same time, we can create the conditions for building up the modernization of our enterprises by adapting to the requirements of the basic task in this new stage of historical development. The general requirement for the reorganization of the financial and trade enterprises is a total reorganization tackled in a comprehensive manner. The current points of emphasis center on improving economic results and conscientiously solving the problems in the few areas listed below: reorganizing and perfecting the management responsibility system, improving the management and administration of enterprises, reorganizing the work force and strengthening its discipline, strict implementation of a system of rewards and penalties, strengthening and enforcing financial and economic discipline, perfecting the financial and accounting system, reorganizing the work units, successfully setting the number of personnel and the quotas, reorganizing the party organizations at the grass-roots level, improving the fighting capacity of the party organization, reorganizing the leading groups at all levels, and strengthening ideological and political work. To undergo the reorganization, the following six standards must be met: (1) There will be one group of leaders which conscientiously implements the party's lines, principles and policies, adheres to the four basic principles, rectifies party work style, works with incessant vigour, fights with the spirit of solidarity and military, understands day-to-day work, has the talent to manage, and all of whom are in their prime--smart and capable. (2) In order to establish and strengthen the responsibility system of managers (factory directors) under the leadership of the Central Committee and the system of the People's Congress under the leadership of the party Central Committee, the core of the party Central Committee must be strong, the democratic management by workers and staff members must be fully implemented, and the administrative command system must be efficient. (3) There is to be a contingent of workers and staff members with high awareness, business experience, stern discipline and proper conduct. They must be both socialist minded and vocationally proficient. (4) Ideological and political work is to be done vigorously; the direction of the management of the businesses is to be proper and correct; (the standard of) "one principle, two services, and three main points of view" is to be adhered to; efficient management, courtesy to customers, top quality service, and conveniences for the people are to be maintained. (5) Once the management responsibility system is established and perfected, there is to be a system of scientific management which will completely fulfill the national plan, with the main economic target of reaching the best level in history for the specific enterprise or reaching the advanced level of a sister enterprise in the local area. (6) On the basis of expanding management, improving administration, and increasing state revenues, the staff and workers collective welfare, material benefits, and cultural livelihood will be improved.

To reorganize the financial and trade enterprises, we must conscientiously carry out the policies and pay close attention to eliminating the leftist erroneous influence. We must implement the principles of 'dredging,' begin with a summary of our work, and base ourselves on mass education and improvement. We should not inflict ordeals on the people, but aim at

improving the economic results, and not get bogged down in organizational affiliations. For those problems related to business management, production or day-to-day work, we must incite the masses to suggest ways and means, and conscientiously straighten them out. Economic and legal and disciplinary problems must be clearly differentiated and conscientiously handled. Problems of a universal nature, can be solved mainly by positive measures or examples. With regard to such major or important cases involving acts violating the law and discipline such as profiteering, graft and embezzlement, smuggling, selling smuggled articles, and offering or accepting bribes, we must get in contact with the political and legal offices or the office in charge of discipline inspection, and work with them in close cooperation, conscientiously investigate, and deal with the case severely according to policy. With regard to the handling of people, we definitely must adopt a prudent attitude to uphold the principle of "learning from past mistakes to avoid future ones and cure the sickness to save the patient," take care of matters by examining and checking the precise facts, and within the limits of authority for managing personnel affairs, report handling of a case to the higher authorities for approval. We must persist in maintaining the mass line, depend on the masses of workers and staff members, be adept at conducting thoroughgoing and painstaking work, study as we reorganize and make improvements as we do both. This year we will do everything possible to reorganize one-third of the 25,000 financial and trade enterprises we now have in our province in accordance with the demands from the party Central Committee and the State Council; we should stress the reorganization of the enterprises which have great influence but which lack management and administration, reorganize another group of enterprises next year and wind up the reorganization the following year. Financial and trade offices at all levels should, in accordance with this general requirement, carry out investigations to find out the real situation of their enterprises, arrange them in order of importance and urgency, formulate plans to carry out the reorganization by stages and in groups, differentiate between situations, provide systematic guidance, and adopt forceful measures to ensure implementation. The key to accomplishing the reorganization of these enterprises is to strengthen the leadership. The leading comrades at every level in the financial and trade offices must recognize the major significance of a total reorganization of the enterprises. Their confidence must remain steadfast, and they must overcome any fear of difficulty. The work of reorganizing the enterprises must be placed on the agenda as a major item and we must earnestly strive to strengthen the leadership. We must draw experience from selected units to promote overall work, and have the leading comrades take the lead in organizing investigation teams for those cadres gaining first hand experience at selected grass-roots units, concentrate on launching one or two pilot projects for the reorganizing of the enterprises, conduct investigations and studies, help reorganize, promptly sum up and exchange experiences, and generally expedite the launching of the reorganization work.

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CSO: 4006/393

FOREIGN TRADE

SOME FEATURES OF SHENZHEN SPECIAL ECONOMIC ZONE DESCRIBED

Hong Kong CH'I-SHIH NIEN-TAI [THE SEVENTIES] in Chinese No 3, Mar 82
pp23-25

[Article by He Li [0149 4539]: "'New Hong Kong'?—A Look at the Inside of the Shenzhen Special Economic Zone"]

[Excerpts] Part III: Overlapping Administrative System—A Formidable Array of 'Court Houses'

For a Hong Kong merchant newly arriving in Shenzhen to negotiate the opening of a factory with his own investment, what gives the deepest impression is perhaps the "Shenzhen Municipal Office of Economic Relations With Foreign Countries" located by the side of the Shenzhen Theater. Most of the newly arriving Hong Kong merchants have to come to this office to make appointments with the persons with whom they will negotiate. For example, if a foreign merchant plans to open a woolen textile mill, then besides the responsible person of "Economic Relations With Foreign Countries Office," he will most probably have to talk to the responsible persons of the municipal development department, the industry bureau, the municipal light industry department (since woolen textile industry is included in light industry), and the responsible person of the provincial light industry department stationed in Shenzhen. If the merchant from Hong Kong wants to make use some ready plant premises, then of course the director of that plant has to be included among the negotiators. If he wants to open his plant in some district or commune in the vicinity of the municipality, the secretary and the responsible person of the locality (or commune or production brigade) will have to join the negotiation. If the plant building has to be newly built or some old building has to be altered, the construction department and the construction company will send their representatives to attend the meeting. Anyway, the number of departments involved and of participants at the meeting is usually beyond the Hong Kong merchant's expectation. If the investment is heavy, then the higher levels will be involved and the "responsible persons" at the negotiation table will be even more. Such an imposing array of "court houses" is apt to scare foreign merchants.

What Premier Zhao Ziyang said in his report at the Fifth National People's Congress last year about "overlapping and overstaffed administrations with their multitiered departments crammed full of superfluous personnel and

deputy and nominal chiefs who engage in endless haggling and shifts of responsibility, all resulting in low efficiency" is particularly conspicuous here. Furthermore, the chains of command in building and equipping the special zone and the leading bodies have changed time and again; therefore, to obtain a clear knowledge of the administrative system and the division of authorities in Shenzhen is by no means an easy task.

Three Signboards, "Each Has Its Share of Work"?

There are now three administrative systems in Shenzhen:

First, the Administration of Special Economic Zones whose legal basis is the "Regulations on Special Economic Zones in Guangdong Province" approved by the National People's Congress. Article 3 reads: "A Guangdong Provincial Administration of Special Economic Zones is set up to exercise unified management of the special zones on behalf of the Guangdong Provincial People's Government," and Article 24 reads: "The Shenzhen Special Zone is under the direct jurisdiction of the Guangdong Provincial Administration of Special Economic Zones. Necessary agencies are to be set up in the Zhuhai and Shantou Special Zones." In the same "Regulations," Article 25 reads: "A Guangdong Provincial Special Economic Zones Development Company is to be set up to cope with the economic activities in the special zones. Its scope of business includes fund-raising and trust investment, operating enterprises or joint ventures with investors in the special zones in matters related to sales and purchases with other parts of China outside the special zones, and providing services for business talks."

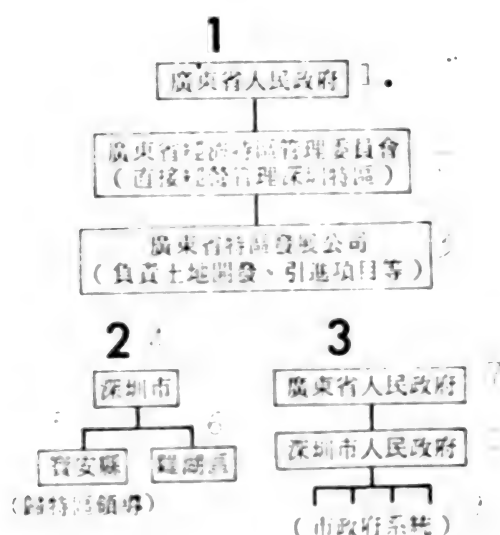
The second system is the Shenzhen Municipal People's Government. Since Shenzhen was raised to the status of a municipality directly under Guangdong Province, as approved by the State Council in 1979, there is naturally the system of the Shenzhen municipal people's government. The Shenzhen Municipality has under its jurisdiction the entire Baoan County. According to a decision by the Guangdong provincial party committee last October, Shenzhen's status will be raised to the same level with Guangzhou.

The third one is the organizational system of Baoan County restored last September "according to the central government's decision." After Shenzhen's rise to the level of municipality, the organizational system of Baoan County was abolished. However, after the demarcation of the Shenzhen Special Economic Zone, the nonspecial zone section again became Baoan County. Baoan County is under the jurisdiction of the Shenzhen Municipality. As we understand, the central portion of Shenzhen Municipality is now under "Luowu District" government and also directly under the municipal government.

The establishment of these three systems reflects certain problems in the administration of Shenzhen. When Shenzhen became a municipality, Baoan County's organization system and staff became those of Shenzhen Municipality, and then responsible persons of higher levels were gradually transferred here from the province. When the demarcation of the Shenzhen Special Zone was completed, the people formerly responsible for the nonspecial zone were "swept out of the door" as though in a game of "drawing circles on the ground." As we understand, the functionaries of the middle and lower

levels are mostly the "native cadres" (local cadres) of Baoan County, and after being "expelled" out of the special zone, they were in a sad state. The purpose of restoring Baoan County, according to a report, is to set up an agricultural sideline products base to serve the special zone. However, the "secondary purpose" may be to take care of these native cadres. The county city of Baoan, as we understand, will be located at the north of Nantouxu. When the special zone and the nonspecial zone are separated, it is possible that this county city will be divided into two portions by a barb-wire fence.

The structure of the "three systems" shown in a diagram, drawn even with the best possible effort, is still confusing:



- KEY: 1. Guangdong Provincial People's Government.
2. Guangdong Provincial Administration of Special Economic Zones (directly administering the Shenzhen Special Economic Zone).
3. Guangdong Provincial Special Economic Zones Development Company (responsible for exploitation of land and importation of projects).
4. Shenzhen Municipality.
5. Baoan County (under the leadership of the Special Economic Zone).
6. Luowu District.
7. Guangdong Provincial People's Government.

8. Shenzhen Municipal People's Government.

9. (Municipal Government Departments).

Three Major Changes in Leading Bodies in 3 Years

Actually, if we want to fairly clearly understand the administrative system in Shenzhen, it would be better for us to know something about the personnel or the leading bodies. Within the last several years, the leading body in Shenzhen underwent three major changes and innumerable minor ones. When the municipality was newly established in 1979, Jia Hua [6328 5479] was the principal responsible person. Later, Liang Xiang, [4731 3276], second secretary of Guangzhou Municipal Party Committee, was sent here to take charge of the work of the municipality. Last October, he was officially appointed by the Guangdong Provincial Party Committee as the secretary of the Shenzhen Municipal Party Committee and mayor of Shenzhen. In other words, the leading body originally consisted of Jia Hua and his team; even though Liang Xiang later took over his job, his team still remained in the leading body. However, this team was since then constantly reshuffled until it consisted mostly of Liang Xiang's men. When the municipality was first established, the municipal party committee members included Zhang Xunfu [1728 0534 3940], Cao Xizhi [2580 0823 0037], Fang Bao [2455 0545], Jia Hua, Ye Minghua [0673 2494 5479] and Chen Ren [7115 0088]. Now only Fang Bao's name remains on the list of municipal party committee members.

The Administration of the Special Economic Zone and the municipal government are basically run by the same team. The Administration of the Special Economic Zone consists of: Director Wu Nansheng [0702 0589 3932], First Deputy Director Liang Xiang, Deputy Director Qin Wenjun [4440 2429 0193], and Secretary General Ding Lisong [0002 0536 2646]. The municipal government consists of Mayor Liang Xiang, Vice Mayor Zhou Ding [0719 7844], Zhou Hanwu [0719 3352 0582] and Luo Changren [0512 2490 0088], with Liang Xiang playing the main role, of course. Liang Xiang joined the CCP in 1936, and has been active in Guangdong ever since liberation, serving as the director of the Public Security Bureau in Guangzhou, director of the Industry-Commerce Bureau, deputy director of the Municipal Finance Commission, deputy chief of the Industry Department, director of the Provincial Planning Commission, vice mayor, secretary of the Municipal Secretariat, and vice chairman of the Provincial Revolutionary Committee. His transfer to Shenzhen was fully justifiable. Now, he has the title of vice governor of Guangdong Province, first deputy director of the Guangdong Provincial Special Economic Zones, mayor of Shenzhen Municipality, secretary of Shenzhen Municipal CCP Committee, and member of the Standing Committee of Municipal Party Committee.

The personnel of the Xiamen Special Economic Zone in Fukian is the same as that in Shenzhen. The director of the Administration of the Special Economic Zone Guo Chao [6753 6389] is the vice governor of the province; the deputy director of the Special Economic Zone Lu Zifen [7120 5261 1164] is the first secretary of the Municipal Party Committee; and another deputy

director Xiang Zhen [0686 4176] is a vice mayor of the municipality. The relationship between the Administration of the Special Economic Zone and the municipal government is called "one team with two signboards and division of work," in the country.

However, the "division of work" is not quite clear. In his interview with a Hong Kong correspondent last August, Liang Xiang said that the municipal government had to be responsible for urban construction and other matters relating to the market, public order, culture and education, public health, and so forth, while the exploitation of land, and importation of projects are undertaken by the development company under the Administration of the Special Economic Zone. However, according to Article 23 of the "Regulations on Special Economic Zones in Guangdong Province," the "functions exercised" by the Administration of the Special Economic Zone include "to run education, cultural, health and other public welfare facilities in the special zones" and "to maintain law and order in the special zones and protect according to law the persons and properties in the special zones from encroachment." These "functions" are the responsibility of the municipal government. This system of dual authority can hardly fail to produce the undesirable effects of unclear division of work and difficulty for a centralization of authorities.

Mutual Wrangling and Causes of Contradictions

These three systems are not the only cause of the large number of "court houses." There are also the customs stationed in the special economic areas, the frontier defense forces and the banks under the vertical leadership of the central special departments. An article carried by an economic journal in circulation at home pointed out: "The industrial and commercial trading units of many central departments, all provinces and municipalities (except Xizang) and all prefectures and counties in Guangdong Province have either set up their offices in, or sent their representative to Shenzhen, and they are not mutually coordinated under the centralized leadership of the special economic zone." For these reasons, "the Shenzhen Special Economic Zone is beset with many contradictions which are harmful to the construction of the special economic zone and the development of economic relations with foreign countries." The article also pointed out the "mutual conflicts and wrangling causing these contradictions" which "have led to the misgivings and the 'wait-and-see' attitude among the foreign merchants. Some of them even said in great disappointment" "What is special about the Shenzhen Special Economic Zone is that the procedures are too complex, the check-points are too many and the charges are particularly high."

At the Fifth Provincial People's Congress held last December, some representatives from Hong Kong and Aomen made some comments on the question of investment by Hong Kong merchants in the inland. The comments were:

- 1) The system was so complex that people are scared at the sight of it,
- 2) There are more ignorant than knowledgeable cadres, thus causing unnecessary losses.
- 3) Unhealthy tendencies are beginning to spread so that people can hardly get anything done in the regular and proper way.
- 4) Psychologically, there is the fear that foreign merchants may gain profits.

Probably because of the numerous defects resulting from the very large number of overstaffed departments, Liu Tianfu [0491 3944 1133], governor of Guangdong Province, proposed before the Fifth Provincial People's Congress a program of simplifying the administration and raising working efficiency by reducing the original 80 and more bureaus of the government to some 30 of them, with one mayor and one vice mayor, and only one director for each bureau. However, because of the complex and chaotic system, the lack of a unified policy and decree for the leadership and management of the various organizations and personnel of various regions and departments stationed in the special economic zone, and the personnel contradictions and conflicts of interests involved, this Gordian knot may not be cut easily.

Part IV: Transition to Capitalism

Construction of the Shenzhen Special Economic Zone is now on the threshold of vigorous growth. The "special policies and flexible measures" according to relevant laws and directives from the central government are gradually transforming Shenzhen into a "special" zone. Now that this special economic zone has been in existence for 2 years, what is so "special" about it?

After the announcement of the establishment of the special economic zones, theorists in the country have repeatedly carried out discussions on the nature of the special economic zones. It was generally agreed that these special economic zones, "guided by Marxism-Leninism, are built on the foundation of our national sovereignty and are not a revival of the old concessions." It was also held that these special economic zones embody "a combination of Lenin's basic theories on the utilization of capitalism for building socialism and our country's socialist modernization," and are the result of an "important policy decision" based on learning from foreign experiences. The theoretical foundation was provided by Lenin's concession contracts signed by the Soviet political power and the capitalists. Therefore, their theory is always that the special economic zones stand for "national capitalism" under the control of a "socialist country."

No matter how these theorists may explain it, the Shenzhen and Zhuhai special economic zones are in a gradual process of "transition to capitalism." In a brief period of slightly more than 3 years, the "processing of imported materials" has developed into 100 percent capitalist business operations, and the "compensatory trade in which the means of production will be collectively owned in a few years" has been transformed into capitalist development of scores of square kilometers of land. The border line of socialism is gradually receding.

Is this a tactic of "paying him back in his own coin" in the struggle against capitalism? Does this mean using capitalism to serve socialist modernization? Is this an invitation to capitalism for its "restoration" in the special economic zones? Should the world be remodeled in accordance with the proletarian or the bourgeois world outlook?

The Shenzhen Special Economic Zone which has been marked out in the socialist "game of drawing circles on the ground" is now continuing to intensify its economic relations with Hong Kong, the capitalist frontier outpost, and even the people's life style and social morality have also changed. In appearance, a "new Hong Kong" is being established in Shenzhen with Hong Kong as its model. In CH'I-SHIH NIEN-TAI of the February 1980 issue, Mr Wu Moran [0702 7817 3544] pointed out: "Shenzhen's development in fact means its "transformation into Hong Kong. In future, Guangdong will follow Shenzhen's example." Some "signs" of Guangdong's "transformation into Shenzhen, and Shenzhen's "transformation into Hong Kong" can now be discerned. Liang Lingguan [2733 7227 0342], mayor of Guangzhou Municipality also said in January this year that Guangzhou will also adopt special policies in the same way as Shenzhen's. The "first line" of demarcation between Hong Kong and Shenzhen will become increasingly blurred after the simplification of immigrations procedures and the improvement of transportation, and the "second line" of demarcation between the special zone and the nonspecial zone may be even more significant. With the gradually diminishing difference between Shenzhen and Hong Kong, the economy in these two places may later merge into an integral whole. This may be China's vision of the special economic zones or Hong Kong's future as envisaged by China.

9411

CSO: 4006/354

Building Structures

AUTHOR: CHENG Wenshan [2052 2429 1472]
CHENG Xiangyun [4453 5046 0061]

ORG: Both of Hunan University

TITLE: "Calculation of Ductility Factor of Reinforced Concrete Members with Flexural and Compressive Axial Load by Determination of Boundaries between Two Adjacent Regions"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 1-13

TEXT OF ENGLISH ABSTRACT: This paper analyzes the curvature distribution characteristics of reinforced concrete members with flexural and compressive axial load, simplifies the curvatures in two working levels on half-span with bilinear and trilinear distribution, and deduces formulas for determining the boundaries between two adjacent regions. The method presented is suitable for hand computation of the ductility factor of structural members. By the proposed formulas and method, 24 reinforced concrete members with flexural and compressive axial load have been analyzed and satisfactory results have been obtained. Based on the experimental and theoretical analysis, this paper also demonstrates the reasonable value adopted for ultimate strain of concrete and concludes that it is sensible to take $\epsilon_u = 0.003$ for ductility analysis of unconfined reinforced concrete members with flexural and compressive axial load.

AUTHOR: DONG Shilin [5516 4258 7792]
XIA Hengxi [1115 0077 3588]

ORG: DONG of the Chinese Academy of Building Research; XIA of Hubei Agricultural University

TITLE: "Analysis of Orthogonal and Ortho-laid Space Truss as Equivalent (Sandwich) Plate (Part I)"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 14-25

TEXT OF ENGLISH ABSTRACT: In this paper the orthogonal and ortho-laid space truss has been assumed to be an orthotropic sandwich plate and is analyzed by the plate theory with consideration taken of shear deformation and three generalized displacements. The differential equation, the expressions for bending stiffness and shear stiffness of such a space truss, as well as the formulas for calculating internal forces of its members are given. The solution expressed in double trigonometric series is presented and design tables for calculating internal forces and displacements are worked out for space truss simply supported at the perimeter. In addition, the influence of shear deformation and that of unequal stiffness or of variable stiffness in two directions is discussed and simplified approximate formulas are given. Numerical examples are also included in this paper.

[Continuation of JIANZHU JIEGOU XUEBAO No 2, 5 Apr 82 pp 14-25]

The research results presented in this paper have been adopted into "The Specification for Design and Construction of Space Truss (JGJ 7-80)" in China.

AUTHOR: TONG Yuesheng [4547 1471 3932]

ORG: Xi'an Institute of Metallurgy and Construction Engineering

TITLE: "Limit Design of Reinforced Concrete Continuous Beams and Rigid Frames"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 26-35

TEXT OF ENGLISH ABSTRACT: In this paper, a method for limit design of reinforced concrete continuous beams and rigid frames is presented. By this method, a moment diagram for the structure is assigned and then the corresponding plastic hinge system is determined. A rational and economic reinforcement of the structure may be achieved when the structure is thus designed by the assigned moment diagram. In order to make the calculation simple, the principle of virtual work has been used and some simple self-stressed moment diagrams are chosen.

AUTHOR: QIAN Guozhen [6929 0948 2823]

ORG: Hangzhou Design Institute

TITLE: "Simplified Calculation of Orthogonal Hyperbolic Paraboloid Cablenet"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese
No 2, 5 Apr 82 pp 36-45

TEXT OF ENGLISH ABSTRACT: In this paper, the discrete method is used in the analysis of cablenet structure. By using the condition of equivalent deformation at the node of bracing cable and bearing cable, and introducing the concept of load distribution coefficient, the distributed load as well as the incremental deformation and the stresses in bracing cable and bearing cable are obtained.

Two numerical examples are given. The results are compared with those obtained from an accurate method so as to show the reliability and simplicity of the given method. This method is especially applicable to tentative designs.

AUTHOR: YANG Cuiru [2799 5050 1172]
ZHONG Xigen [6945 6932 2704]
LIU Dahai [0491 1129 3189]

ORG: All of the Northwest Building Design Institute

TITLE: "Simplified Method of Analyzing Single-story Mill Buildings under Longitudinal Seismic Action"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese
No 2, 5 Apr 82 pp 46-55

TEXT OF ENGLISH ABSTRACT: For single-story mill buildings, the current design practices in the analysis of longitudinal earthquake responses either completely ignore the stiffness of the roofing system or treat it as an absolutely rigid diaphragm. In this paper, according to the experimental data and conclusions drawn from earthquake damage surveys, a spatial structural analyzing model, in consideration of the deformability of the roofings and the effective stiffness of the longitudinal walls, is established. With the aid of a computer, a number of different mill-type buildings have been analyzed and the results studied. Based on these data of spatial structural analysis, a simplified method of analyzing single-story mill buildings under longitudinal seismic action is proposed and the calculation can be done with hand computations.

AUTHOR: WANG Yisun [3769 6318 5549]

ORG: Hunan University

TITLE: "Some Problems in the Ground Vibration Analysis"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese
No 2, 5 Apr 82 pp 56-67

TEXT OF ENGLISH ABSTRACT: In this paper the exact solutions of displacement are given of a homogeneous, isotropic, elastic half-space surface of arbitrary Poisson's ratio under a vertical and a horizontal harmonic point load. Some problems of attenuation of the ground vibration are analyzed by means of the exact solution and the method of influence function of circle center displacement. The method is applicable for analyzing the ground displacement of the near-field. The rationality of Barkan's discriminant for the far-field is discussed. The analysis shows that increasing the excitation frequency of the source reduces the decay rate of the ground vibration.

The calculation of the phase velocity of vibration indicates that the phase velocity of the near-field is less than the Rayleigh wave velocity in general.

AUTHOR: LIANG Shouxin [2733 1343 0207]
ZHOU Yongguan [0719 3057 1351]
ZHOU Fuliang [0719 4395 5328]

ORG: All of the Building Research Institute, Building Construction Bureau of Gansu Province

TITLE: "Determination of Static Bearing Capacity of Single Pile by Wave Equation Using Input of Direct Force Wave Measurement"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese
No 2, 5 Apr 82 pp 68-78

TEXT OF ENGLISH ABSTRACT: In this paper, against the problems existing in pile driving analysis by wave equation while the velocity of hammer center of pile is in its initial condition, a wave equation analysis using input of direct force wave measurement with the concept of isolated body is presented and a computer program is developed. Nine parameters in relation to hammer are eliminated, so that the reliability of the wave equation analysis is increased. The experimental results of 10 precast square piles with static and dynamic measurements show that the ultimate bearing capacity of single piles obtained by the above-mentioned method is in good agreement with that obtained from static measurement in field.

Construction Industry

AUTHOR: JIN Minqiu [6855 2404 3061]

ORG: None

TITLE: "Inquiry Into Ways of Revitalizing the Construction Industry"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 2-6

ABSTRACT: The Central Party has proposed the goal of revitalizing the construction industry so that it may offer a greater contribution to the nation. This proposal has profound and long range significance. China has 7.9 million construction workers in the cities and 3 million in the countryside. China has not entered the international construction market for very long and foreign contracts have already amounted to more than 4 billion U.S. dollars every year. It is estimated to reach 5 billion for Turkey alone in 1981 and the profit will be 600 million US dollars in foreign exchange. Many problems exist with the construction industry, including the lack of long range plans of development, the lack of unified business management, confused and unreasonable pricing structure, the lack of an economic responsibility system, and an unreasonable internal structure and the lack of coordination among the units of survey and prospecting, designing, scientific research, and building. For example, a certain construction division of Heilongjiang has more than a hundred painters but only 20 or so masonry workers. A list of measures are presented for correcting these shortcomings.

AUTHOR: None

ORG: Economics Division, Bureau of Finance and Economics, National Bureau of Construction

TITLE: "A Survey Report of the Practice of the Economic Responsibility System Among the Construction Industries"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 7-10

ABSTRACT: This paper is a condensation of the report of a survey and research conference on the condition of implementation of the economic responsibility system among the construction industries. Bureaus of Construction of 13 provinces, cities, and regions participated in the conference. The paper does not give the date or the location of the conference, however. At present, 3 forms of distribution of economic responsibilities are being adopted, including between the State and an enterprise, between an enterprise and a construction unit, and between various elements within an enterprise. Outstanding problems discussed include a lack of understanding of the meaning of economic responsibility, the rise of income of individual workers higher than the rate of increase of the profit, the way of arriving at a proper ratio of distribution of profits between the State and the enterprise, and ramifications of egalitarianism. Many suggestions for further improving the system of economic responsibilities are included in the final section of the paper.

AUTHOR: ZHANG Xiuzhi [1728 0208 1807]
JIN Daqin [6855 1129 0530]

ORG: None

TITLE: "Thrifty Use of Land for Urban and Rural Construction to Raise the Benefits From Land Utilization"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 11-12

ABSTRACT: Although China's territory is large, 2/3 of it are mountains and hills. At present, there are only 1,490 million mu of cropland, averaging 1.6 mu per person while the world average is 5.5 mu/person. Since the liberation, a considerable amount of land has been taken over by urban and rural construction. According to incomplete statistics, in the 20 years of 1957-77, 436 million mu of cropland were occupied by construction. The area of cropland is reducing on an average of 22 million mu a year, the size of all croplands in Fujian Province. Moreover, kilns and clay materials for brick-making are also destroying crop-producing fields. About 1/3 of the more than 18,000 brick factories of the country dig dirt from nearby fields to make brick. The Handan Prefecture of Hebei alone has more than 1,100 brick factories, occupying 53,000 mu of land, of which 49,000 mu are cropland. These and other abhorrent conditions are reported to prove the urgent need for research and strict control to prevent further shrinkage of cropland in China.

AUTHOR: YANG Lanru [2799 5695 5423]
WANG Junan [3769 0971 1344]
ZHANG Hongfu [1728 3163 1788]

ORG: None

TITLE: "Several Problems Concerning the Implementation of Bonus Awards and Piece-work Wages in the Construction Enterprises"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 13-15

ABSTRACT: On the basis of setting up unified work load for the entire country, the construction enterprises began to implement a system of bonus awards and piece-work wages in 1978. The system has been gradually expanded and improved since then and the beneficial effects of higher labor efficiency and better incentive to produce, etc. are very obviously obtained. The following problems remain, however: (1) The level of bonuses awarded must have a proportional relationship with the accomplishments of the enterprise; (2) There must be a ratio between the total bonuses awarded and the total reduction of cost; (3) There must be a proportional relationship between bonuses and profits; (4) There must be a ratio between the total wages paid and the total amount of construction completed.

6345

CSO: 6855 1129

Economic Management

AUTHOR: HU Chunfang [5170 2504 5364]
ZENG Haosong [2582 7729 1345]

ORG: Both of Department of Economic Management, Wuhan University

TITLE: "Inquiry Into the Current Problem of Energy Conservation in China"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82 pp 8-11

ABSTRACT: Most recently, the National Economic, Planning, and Energy Committees resolved to launch the energy-conservation-month activity for the 3rd time. That is to say, beginning with the year 1979, there has been such an activity every year, to demonstrate the importance the State places on the problem. In China, to generate 1 kwh of electricity 0.453 kg of coal is consumed (1979); in Japan, only 0.335 kg. To produce one ton of steel, 1.6 tons of coal are needed in China; only .77 tons in Japan. To produce one ton of ammonia, 2.84 tons of coal are needed in China; only 1.2 tons in Japan. With these and other data, the authors maintain that the problem of energy conservation and the one important strategy for achieving energy conservation is to end waste through improving management and improving technology.

AUTHOR: SUN Zhongying [1327 0112 5391]

ORG: Taiyuan Municipal Bureau of Environmental Protection

TITLE: "On The Readjustment of Industries in Taiyuan City From the Viewpoint of Environmental Pollution"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82 pp 12-14

ABSTRACT: In these 30+ years, Taiyuan has been developed from a dilapidated place into an industrial city but the rapid development has also caused the quality of the environment to deteriorate continuously. The atmospheric, water, and noise pollution has now reached a very serious situation. According to preliminary statistics, every year more than 400 thousand tons of sulfur dioxide, smoke, etc. are discharged into the atmosphere. The 400 thousand tons of wastewater discharged every day contain more than 10 types of toxic substances, including phenol, cyan, chromium, etc. Over an area of 84 km² of the city, the density of sulfur dioxide is more than twice the permissible limit of the State. The one waterway in the city, Fenhe, has lost all its natural appearance. The water is murky and smelly and the phenol content was once detected to be 400 times higher than the State's regulation. The paper blames the unreasonable arrangement of industries for the severe pollution problem and proposes control measures through readjustment of industries.

AUTHOR: CHEN Feng [7115 1409]

ORG: Department of Commercial Economics, Beijing College of Finance and Trade

TITLE: "Preliminary Inquiry of the Economic Contract System"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82
11-15-82

ABSTRACT: Contracts having economic activities as their contents are economic contracts. In the course of readjustment and reform of the national economy in China, planning and the marketplace are combined to revitalize the economy. It has, therefore, become important to study ways of utilizing the form of economic contract to ascertain the rights and responsibilities of parties and industries to promote a harmonious relationship and to maintain the economic order of the society. This paper traces the history of development of economic contracts, from the slave society, through the feudal society, the liberation, the national economic recovery, the five-year plans, etc. It has been a long time, when socialism was regarded as an economy with no, and no need of, production or circulation of merchandise and all economic activities were regulated with planned quotas in the nature of directives. All sales and distribution were carried out according to the State's plan. The relationship between parties of an economic activity was fixed and there was no room for negotiation. It did not matter whether there was a contract or not. Now, things have begun to change and the system of economic contract is being extended. The seriousness of a contract and the method of protecting the legal effectiveness of the contract system are briefly discussed.

11-15-82

REF: 4011/20

Economic Readjustment

AUTHOR: ZHENG Youjiong [6774 1635 3518]

ORG: None

TITLE: "A Preliminary Inquiry Into the Rational Approach to the Provincial (Regional) Industrial Structure"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 2, 20 Mar 82 pp 1-6

ABSTRACT: In this period of readjustment of the national economy, the central responsibility of economic work is to raise economic benefits. The practice of the system of economic responsibilities provides the internal impetus for the industries to reform their business management and has exerted an important function in the micro-economic aspect. If the unreasonable industrial structure and the economic system are not reformed, the optimal economic benefits in the macro-economic aspect just cannot be obtained, however. Industrial structure is often viewed to be a proportional relationship between light and heavy industries and some believe the value of heavy industry must not exceed 40 percent of the value of total products of industries and agriculture. Today, it appears that this viewpoint cannot be supported either theoretically or practically. It is rather that the relationship among agriculture, light, and heavy industries must be studied to ascertain the relative correspondence of accumulation and consumption of all types of products.

[continuation of JINGJI WENTI TANSUO No 2, 1982 pp 1-6]

The major factors affecting the industrial structure of a province (region) are the resources condition, the economic, cultural, and technological foundation, the geographical location, and the State's plan. The author believes that in order for that structure to be reasonable, 2 conditions must be present: a satisfactory cycle among production departments and a relatively good macro-economic result, and in addition, under the condition of maximum utilization of the local advantages, a harmonious and optimal development of local light and heavy industries must be realized to contribute positively to the State and to satisfy effectively the material and cultural requirements of the local people. On the above basis, the author suggests that the way to make a provincial industrial structure reasonable, the following problems must be resolved: (1) The local conditions must be fully considered in determining macro-economic policies; (2) During the adjustment period, the development of consumer products must be of the foremost importance; (3) Heavy industry must be adjusted to serve the national economy; (4) The industries must be reorganized in accordance with the principle of cooperation among specialized entities.

AUTHOR: PAN Zhenxiong [3382 2182 7160]

CRG: None

TITLE: "Steadily Continue To Promote the System of Economic Responsibility in the Industries of Yunnan"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 2, 20 Mar 82 pp 15-17

ABSTRACT: According to statistical data, the value of industrial products of Yunnan grew 8.1 percent in 1981, compared with that of 1980. One of the important reasons for the fast growth is the general extension of the system of economic responsibilities. The overall condition of development appears to be normal and healthy, but some new problems have also surfaced, including the low management level, lack of average growth targets, less than satisfactory treatment of the relationship among the State, the industry, and the workers to cause bonuses and cost to rise and profits [paid to the State] to shrink, a lowering trend of product quality, and a not very high economic result. Yunnan is one of the first provinces to extend the system of economic responsibility. In spite of the obvious benefits, the current method of implementing the system remains crude and there is an imbalance in its development. Ways of summarizing the experience, rectifying the mistakes, and continuously perfecting the system of economic responsibility are discussed.

AUTHOR: WANG Yuqi [3076 3768 1142]

CRG: None

TITLE: "On the Characteristics of Durable Consumer Goods and Our Economic Strategy"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 2, 20 Mar 82 pp 38-41

ABSTRACT: In the past few years, some thing very obvious has occurred to the structure of consumption of the masses in China: i.e. there is a growing consumption of durable goods. According to statistics, the growth of consumption of 1980 compared with 1977 in bicycles, sewing machines, watches, and radios is 1.75, 1.81, 2, and 2.14 fold respectively. It is estimated that a peak of demands for durable consumer goods will come in China in the late 80's and the early 90's. Characteristics of durable goods include: (1) An order of preference until all the purchasing power is exhausted; (2) Long use cycle and replacement by newer models; (3) Unlimited desire in a limited environment; (4) A chain reaction among consumption of durable goods and socio-economic problems. On the basis of these characteristics, other contradictions may be expected to occur. The author emphasizes the importance of fully utilizing the advantages of socialism and public ownership to proceed with regulating consumption of the society as a whole. Through planning and marketing, a balance between production and consumption may be reached.

4248

237: 4011/89

Economic Studies

AUTHOR: ZHUANG Qidong [5445 0796 2639]
SUN Kelian [1327 0344 0081]

ORG: ZHUANG of the Institute of Economics, State Planning Commission; SUN of the Industrial Economics Research Institute, Chinese Academy of Social Sciences

TITLE: "On the Historical Experience in Solving the Employment Problems in Cities and Towns of China"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC PROBLEMS] in Chinese No 2, 1982, pp 10-15, 58

ABSTRACT: China's urban employment problem over the last 32 years is broken down into three time periods: 1) 1949-1957, 2) 1960-1965 and 3) 1977-present, and the basic causes of the problem in each period are analyzed. Six proposals are then made regarding the present urban employment situation: 1) Employment must be arranged resolutely according to the actual needs of production and economic development. At the same time, production construction policies must benefit employment and be conducive to the realization of a favorable cycle in which production and employment are mutually stimulating. 2) Serious attention must be given to the resolution of potential labor and employment problems. In the present stage, a new labor reserve system should be set up which meets the needs of modernization construction, and the goal of a "package" solution to urban employment should be achieved. 3) Population growth must be further controlled. Of particular

[Continuation of ZHONGGUO JINGJI WENTI No 2, 1982 pp 10-15, 58]

concern at present is the influx of the rural labor force into cities and towns. 4) The policy of economic diversification must be resolutely upheld, and attention must be given to the roles that the urban collective economy and individual economic enterprises can play in expanding employment. 5) The "iron rice-bowl" labor system must be destroyed and a new system established which is conducive to developing production and expanding employment. 6) Pre-employment technical education of workers must be strengthened, with attention being given to improving the quality of the labor force. This will not only ameliorate the current urban employment problem, it will also train a large force of specialists for modernization construction.

AUTHOR: HONG Wenjin [3163 2429 6855]

ORG: Xiamen University

TITLE: "A Tentative Treatise on Banks' Role in Raising and Allocating Funds and the Necessity of Establishing a Central Bank"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC PROBLEMS] in Chinese No 2, 1982 pp 36-39, 55

ABSTRACT: Reform of the economic system, with the concomitant increase in enterprise autonomy, and the implementation of such policies as linking remuneration to production and partial retention of profits, etc., have led to a considerable increase in idle capital and rural income. Accordingly, many new local investment companies, credit finance companies and rural banking institutions are springing up. The establishment of a central bank is proposed as a way of dealing with the contradictions stemming from the proliferation of such institutions, and a division of authority among existing banking institutions and the proposed central bank is outlined.

9717

CSO: 4006/86

Engineering

AUTHOR: HUANG Xichun [7806 586D 2797]

ORG: Department of Information and Control Engineering

TITLE: "Calculation of the Radiation Field of a Slot Cut in a Metal Sheet of Finite Size by Use of the Diffraction Theory"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 1-12

TEXT OF ENGLISH ABSTRACT: On applying the diffraction theory and with the aid of the reciprocity theorem, an approximate formula for the radiation field of a slot cut in a metal sheet of finite size is derived. Although the same formula can be obtained in an alternative way, the present approach is superior as far as the clarity of its physical interpretation is concerned.

AUTHOR: WANG Xiaotian [3769 4562 1131]
TAN Yuxu [6151 5148 3563]
ZHANG Hongqing [1728 7703 1987]
CHEN Zhen [7115 4176]
et al.

ORG: WANG, TAN and ZHANG, et al., all of the Xi'an Jiaotong University; CHEN of the Shanghai Iron and Steel Research Institute

TITLE: "The Design of the Low-carbon Martensitic Structural Steel for High Strength and Toughness and Its Structure Property Relations"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 13-22

TEXT OF ENGLISH ABSTRACT: Some design guidelines for improving strength-toughness properties of medium and low-carbon martensitic structural steels are critically reviewed. From this, two types of low-carbon martensitic structural steel developed based on Fe-Si-Mn-Mo-V, with Cr and Ni additions for improved qualities, are investigated. The microstructures of all quenched and tempered specimens are investigated by TEM. The selected electron diffraction patterns of martensite, austenite and carbide are also indexed. This shows that, in the quenched condition, the microstructures of steel consist of the following features:
(1) Dislocated lath martensite and a small fraction of twinned martensite;

(2) ϵ -carbides in martensite obtained by auto-tempering; (3) retained austenite in the form of thin interlath film, and (4) undissolved alloy carbides in the original austenite. The effect of various microstructural parameters on the strength and toughness is discussed. The investigation shows that when one of the investigated steels is quenched from 950°C and tempered at 300-350°C, an optimum combination of strength and toughness can be obtained. Its tensile strength will be greater than 1765 Mpa (180 kg/mm²), yield strength greater than 1422 Mpa (145 kg/mm²) and the fracture toughness greater than 127.7 MN/m (410 kg/mm^{3/2}). This shows that in developing an ultra high strength steel, strengthening a low-carbon martensite steel with high toughness has an advantage over improving the toughness of a medium carbon martensite steel.

AUTHOR: ZHANG Jianzhong [1728 1696 0022]
FENG Zhongxin [7458 1813 0207]
ZHANG Dingquan [1728 1353 6898]
et al.

ORG: All of the Research Institute of Strength of Metals

TITLE: "The Effect of Surface Plastic Deformation on Fatigue Strength of Medium Carbon Steel and the Mechanism of Strengthening"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 23-32

TEXT OF ENGLISH ABSTRACT: In this paper, the effect of surface plastic deformation on asymmetrical cyclic three-point bending fatigue strength is investigated. A medium carbon chromium steel (45Cr) of different heat treatment conditions was used for the experiments. Residual stress distribution and half-value breadth were measured th X-ray diffraction. The fracture morphology and characteristics were observed by electron microscope.

The improvement of fatigue strength by surface plastic deformation can be attributed to three fundamental factors: macroscopic residual stress, surface toughness and structural changes.

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 23-32]

For specimens tempered at 600°C after surface rolling, structural changes may result not only in work hardening, but also in structural damage. Their effect on fatigue strength is generally smaller than that of residual stress, but it can also become a main factor affecting fatigue strength when residual stress is attenuated appreciably.

For specimens tempered at 200°C, surface plastic deformation produces a very beneficial strengthening effect. In addition to residual compressive stress, the improvement in micro-homogeneity of tempered martensite, which brings about more favorable substructural conditions, also plays an important role in the resistance of the specimen against fatigue.

AUTHOR: ZHANG Pingsheng [1728 1627 3932]
HU Zhizhong [5170 1807 1813]
CAI Heping [5591 0735 1627]
HUANG Mingzhi [7806 2494 1807]

ORG: All of the Research Institute of Strength of Metals

TITLE: "A Mathematical Expression for the Fatigue Crack Growth Rate da/dN "

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]
in Chinese No 1, 1982 pp 33-42

TEXT OF ENGLISH ABSTRACT: Based on the linear elastic fracture mechanics for blunting crack and the blunting model, a crack growth rate has been derived.

When expressed in terms of cyclic mechanical parameters of the materials, the expression reads as follows:

$$\frac{da}{dN} = \pi(\sigma_{\max})^2 (1-R) \left[\frac{\sigma_{\max}}{K_{IS}} \right]^{1+\alpha} [\Delta K^2 - \Delta K_{th}^2] \cdot \left[1 + \frac{\Delta K}{K_{IS} - K_{th}} \right]$$

When expressed in terms of the static mechanical parameters of the metals, the expressions have the following forms:

$$\frac{du}{dN} = \pi \sigma_s^2 (1-R) \left[\frac{\sigma_s}{E \epsilon_s} \right]^{1+\alpha} [\Delta K^2 - \Delta K_{th}^2] \left[1 + \frac{\Delta K}{K_c - K_{th}} \right] \text{ (Plane stress)}$$

$$\text{Or } \frac{du}{dN} = \pi \sigma_s^2 (1-R) \left[\frac{\sigma_s}{E \epsilon_s} \right]^{1+\alpha} [\Delta K^2 - \Delta K_{th}^2] \left[1 + \frac{\Delta K}{K_c - K_{th}} \right] \text{ (Plane stress)}$$

If $\alpha(\sigma_s) = 0$, then

$$\frac{du}{dN} = \pi (1-R) \sigma_s \frac{\sigma_s}{E \epsilon_s} [\Delta K^2 - \Delta K_{th}^2] \left[1 + \frac{\Delta K}{K_c - K_{th}} \right] \text{ (Plane stress)}$$

$$\text{Or } \frac{du}{dN} = \pi (1-R) \sigma_s \frac{\sigma_s}{E \epsilon_s} [\Delta K^2 - \Delta K_{th}^2] \left[1 + \frac{\Delta K}{K_c - K_{th}} \right] \text{ (Plane stress)}$$

By cross checking with published data on structural steels and an Al-alloy and Ti-6Al-4V, it is clear that these expressions are generally applicable in the case of small size fatigue yielding problems.

AUTHOR: CAO Zidong [2580 1311 2767]
ZHANG Yanmou [4545 3601 6180]

ORG: Both of the Department of Power Machinery Engineering (I)

TITLE: "An Experimental Investigation of the Flow Characteristics under Reverse Circulation Conditions of a Bayonet Tube Type Heat Transfer Element in Waste Heat Boilers"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 43-54

TEXT OF ENGLISH ABSTRACT: In order to clearly explain the flow characteristics of the reverse circulation in a bayonet tube type heat transfer element in waste heat boilers, an experimental model was built. In this paper, the main test results and their interpretations are given. The test results indicate that the local pressure drop at the end of the tube is dependent only on the geometrical parameters, such as D/d , h/d , and not on the flow parameters. Hence data obtained in these model experiments appear to be adequate for setting guidelines for use in engineering designs.

In addition, the effect of the reverse circulation in a bayonet tube type waste heat boiler on the safe operation of the apparatus is also discussed.

AUTHOR: CHEN Shouwu [7115 1343 0063]
HUANG Youling [7806 1635 3781]

ORG: Both of the Department of Engineering Mechanics

TITLE: "Research on the Solution and Application of One-dimensional Unsteady Gas Flow System of Equations"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]
in Chinese No 1, 1982 pp 55-64

TEXT OF ENGLISH ABSTRACT: In this paper, the nonlinear system of equations describing the pulsation of gas flow was used to compute the pressure pulsation of the piping systems. The methods of the overall treatment of boundaries were given according to the pressure compatibility of interconnecting elements and the continuity of gas flow, and by use of the modified homoentropic theory. In the computing scheme, we made use of the highly accurate Richtmyers two-step version of the Lax-Wendroff finite differential scheme at the internal computing points and the modified homoentropic theory characteristic mesh method at the boundaries. The values obtained in calculation agree well with those obtained experimentally. Since most homemade computers meet the requirements, this method can be recommended for general use in China at its present stage of development of production technology.

AUTHOR: XU Qingyu [6079 1987 0151]
ZHANG Yizhong [1728 5030 1813]
ZHU Yinyuan [2612 0936 6678]

ORG: All of the Department of Engineering Mechanics

TITLE: "A Study of the Non-linear Vibration of the Floating Ring and the Stability of the Trajectory of Its Center"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]
in Chinese No 1, 1982 pp 67-76

TEXT OF ENGLISH ABSTRACT: In this paper the vibration characteristics of the floating ring in the floating ring seal are studied. As the floating ring is acted upon by non-linear forces, such as the oil-film forces, the Coulomb frictions, etc., it is a two-degree non-linear vibration system. Based on the dynamic lubricant theory of short bearings, the analytical expression of the oil-film force are derived; and by using the Treanor numerical integration method, the serious "stiffness" of the differential equations for the motion of the floating ring is treated. By means of the computer calculation, the trajectory of the center of the ring is presented and the "jumping" phenomena of its phase trajectory are analyzed. Meanwhile, the half-speed whirling of the seal ring and sub-harmonics at its forced vibration, etc., are discussed. A comparison made between the calculated results and the published experimental results shows good agreement.

AUTHOR: FANG Peisheng [2455 1014 3932]
HUANG Qiang [7806 1730]

ORG: FANG of the Department of Electronic Engineering; HUANG of the Department of Basic Courses

TITLE: "Development of a Hydrogen Ion Sensitive Semiconductor Device"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 77-83

TEXT OF ENGLISH ABSTRACT: This paper is concerned with a hydrogen ion sensitive semiconductor device. This device has many advantages. It is small, operates reliably and responds quickly. The device may be used to replace the glass electrode. The test results showed that during the measurement of ion hydrogen activity in the buffer solution, the measurement drain-to-source current (I_{DS}) bears a linearity relation to the pH value of the solution.

It has been reported by Bergveld that SiO_2 is used as a gate insulator layer to make hydrogen ion-sensing layer semiconductor devices. However, it has a short life and is unstable. The range of the measure of hydrogen ion-activity is small. No information on the device has been published in China.

[Continuation of: XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 77-83]

In order to solve the problems which appeared in the development of the device, we have improved the production technique. We have succeeded in making the device stable with an extended range of measurement (the pH values range from 2-11).

AUTHOR: LIEN Changyou [7115 7022 0147]

ORG: Department of Power Machinery Engineering (II)

TITLE: "Numerical Simulation of the Combustion Process in Spark Ignition Engines Using Thermochemical Method"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 91-102

TEXT OF ENGLISH ABSTRACT: In this paper, a practical method for the calculation of the combustion process in spark ignition engines is proposed. The features of the method are that the flame front is considered to be propagating spherically, the flame propagation velocity is determined by gas expansion velocity and turbulent burning velocity, and the effects of the flow field and the concentration are fully considered in the calculation. In this paper, the formula for calculating the flame propagation velocity and the general method for determining the initial values of combustion are suggested. The initial condition of equality of specific enthalpies of burned and unburned charges under the common condition of electric spark ignition is also suggested. A zoned calculation method by which the areas of flame front and heat transfer can be easily determined even in the combustion chamber with complex geometrical shapes is proposed. A universal program of calculating the combustion process of the usual spark ignition engines is made. The

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 91-102]

results of calculation worked out with this program in a practical example are shown to be in good agreement with experimental results. Results of the emission calculations plainly manifest the correct trends.

AUTHOR: KONG Xiangliu [1313 4382 7511]
LU Yaozheng [7120 5069 2823]

ORG: Both of the Department of Engineering Mechanics

TITLE: "Development of a Small Area Multipoint Transducer with a Gasbag Booster for Pulse Feeling in Traditional Chinese Medicine"

SOURCE: Xi' an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY]
in Chinese No 1, 1982 pp 103-110

TEXT OF ENGLISH ABSTRACT: In this paper some points for consideration in the use of a transducer for diagnosing by pulse-feeling have been discussed in respect to the physiological characteristics of skin sense and finger sensing in pulse feeling, as well as the mechanical characteristics of the soft tissue in the human body. A tentative transducer program has been developed, i.e., the small area multipoint-feeling transducer with a gasbag booster. A dynamic model of the "machine-human" system has been proposed and discussed. The system is composed of the transducer and the soft tissue at *cun*, which is a small area at the wrist where the pulse is usually measured. The measured data show that all pulse-diagrams at *cun* are not identical, and the pulse information picked up by the multipoint-feeling transducer is much better in both quantity and quality than that picked up by the single point-feeling transducer.

9717

CSO: 4011/85

Highway Maintenance

AUTHOR: None

ORG: Yueyang County Highway Section, Hunan Province

TITLE: "Practicing the Four-fix and One-guarantee System to Improve Benefits From Machines"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 3, 25 Mar 82 pp 35-38

ABSTRACT: The system of four-fix and one-guarantee means that the teams and their respective members are made to be responsible for a fixed [quantity or quality] condition of the roadway, materials, expenditure, and machines and to provide a guarantee of meeting these fixed economic and technical indices. Based upon the job requirements, machines are to be used for transporting materials, sweeping up sand, spreading sand, etc. At present, the 3 items of crushing stones, rolling, and sprinkling are not yet included in the mechanization program. Following discussions in Mar 81, the provincial, prefectural, and county authorities officially organized the teams on 9 Apr 81 for the maintenance of the section of highway measuring 59.57 km. The teams are provided with 3 tractors of 160 hp [each ?] and 20 machines. An annual production plan was formulated and its implementation began in Jul 81. Various results in improved road condition and reduced cost in the 3 months of practice of this system are reported in the paper. Some outstanding problems are also discussed.

AUTHOR: None

ORG: Hubei Provincial Bureau of Highways

TITLE: "Methods Practicing Reward According to Road Maintenance Work Implemented by Two Road Maintenance Teams of Jiangling County"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 3, 25 Mar 82 pp 38-40

ABSTRACT: A system of guaranteed roadway by the team and a system of guaranteed roadway by individual workers have been implemented by Chuanhan Highway and Huayuan Highway respectively. With both systems, jobs of the 6 aspects of road surface, road foundation, machines and parts, road markers, tree or green space maintenance, and road administration are included in the contract and wage-payments are to be determined according to the quantity and quality of contract fulfillment. In the 6 months of implementation of these systems, the quality of road maintenance has improved; an idea of being their own boss has been established among the workers resulting in improved accounting and thrifty use of expenditure and materials; and the team committee members changed their attitude and began to participate in the road maintenance work. Some concrete problems, including the problem of the cost of health care of the workers, and ways of resolving these problems are also discussed.

6248

CSO: 4011/79

AUTHOR: LIU Zhongkang [0491 0112 1660]
WANG Yihua [1369 0110 2433]

ORG: None

TITLE: "A Significant Change in the Economic Management of Machine Manufacturing Plants"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 1, 25 Feb 82 pp 11-16

ABSTRACT: As China's national economy continues to readjust, one of the key points being adjusted is the machine manufacturing industry. Many contradictions exist and there are many difficulties in business management. The production quota and profit index of the State in 1980 were no lower than those of 1979, but the orders had dropped seriously, to 50-60 percent in some and 20-30 percent in others. The cost rose and profits had to go down. Some previously fast selling products no longer moved while some products urgently needed in the marketplace the industries had no ability to supply a sufficient quantity of. These contradictions require changes in the idea of planning, in the management viewpoint, in the business attitude, in the object of service, and in the method of management. According to some industries, the following are serious problems: the supervising department bears no economic responsibility for breach of contract; double taxation on components impairs specialization; deficient internal accounting; and the industry has no authority to change prices of products. Most industries are, therefore, undergoing a significant change of situation and some are struggling to meet the challenge.

AUTHOR: ZHU Yaoming [2612 5069 2494]

ORG: None

TITLE: "An Important Aspect in Revitalizing Heavy Industry"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 1, 25 Feb 82 pp 15-20

ABSTRACT: It has been for some time that articles appear in this and that publications downgrading the self-serving aspect of heavy industry. They seem to think of this as a very bad thing. From the viewpoint of social reproduction, the production of heavy industry includes: (1) Producing consumer goods: (2) Producing the productive material with which to manufacture consumer goods: (3) Producing the production materials with which to produce the production materials. In the first 2 aspects, heavy industry serves the society directly; in the third and last aspect heavy industry serves itself. In other words, it must provide itself with equipment and productive means and materials in order to produce. This is not to say the greater the ratio of the third aspect the better. This is a problem of a proper proportion. In the past, heavy industry served itself too much and served light industry and agriculture too little. The paper traces the cause of this problem and attempts to bring the problem and its solution to a proper perspective.

AUTHOR: CHE Li [6508 4409]
GAO Guangli [7559 1639 4409]

ORG: None

TITLE: "Lectures on Market Forecasting: I. The Importance of Market Forecasting"

SOURCE: Beijing JINGLI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 1, 25 Feb 82 pp 76-80

ABSTRACT: The market is the result of production development and also its condition for development. On the basis of social division of labor, the market is the place where producers of different products exchange them as merchandise. Production is not an end in itself; the products are in need of consumers. The requirements of consumers change continuously. The market can provide the information of the changing needs of consumers sensitively. It tells the producers in a timely fashion what are the products welcomed by consumers and what are those the consumers do not like very much. For example, a few years ago, there was a shortage of electrical fans and it was highly profitable to manufacture them. A fierce competition got underway but no one really knew the size of the fan market. It is now estimated that there are more than 3,000 electrical fan producers in the country and people have begun to look for brand names. Off brand fans are now very difficult to sell. Planning targets of the national economy should, therefore, include market forecasting. In the past, influenced by leftist ideas, the emphasis was on production only. Consumption was looked down upon; hence no market forecasting was possible. In this period of readjustment, market forecasting has become necessary for formulating production plans.

6248

CSD: 4011/80

Industrial Overhaul

AUTHOR: None

ORG: A Commentator of the Journal

TITLE: "Total Overhaul of an Industry is an Important and Urgently Needed Job"

SOURCE: Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 2, 1 Mar 82
pp 4-5

ABSTRACT: Since the 1st Plenum of the Third Congress, with the shift of emphasis of the work of the party, groups of leaders have been organized in every region and every department to overhaul various enterprises, to expand industrial autonomy, to implement democratic management by the workers, to establish the system of economic responsibility, to improve economic management, and to train the staff and workers. The progress of this overhauling work is not balanced, however. According to a partial survey of some provinces, etc. the work is satisfactorily completed in less than 1/3 of the enterprises. To a varying degree, most enterprises still have the problems of weak and lax leaders, single-minded pursuit of quantity and high prices of products, large quantity of unsold stock, excessive consumption of energy and raw materials, poor economic benefits, confused management, unclarified job responsibility, over-staffing, low labor efficiency, etc. In some cases, indices of fuel, motive power, and raw material consumption have not yet been restored to the better levels of the past. In others, ideas of capitalism have infiltrated to result in acts of bribery, corruption, keeping profits belonging to the supervising organization, etc. The paper outlines the problems of industries awaiting correction and, in a sense, explains the need for and the goals of the ongoing readjustment activity.

AUTHOR: JIN Zhi [6855 2784]
BIAN Ji [6708 7139]
GONG Zhiyun [6300 6736 0061]

ORG: None

TITLE: "Conditions of Industrial Overhaul activities in Hubei, Heilongjiang, and Jinan"

SOURCE: Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 2, 1 Mar 82
pp 16-18

ABSTRACT: This paper includes 3 short items by each of the 3 authors respectively. All report the activities of overhauling the enterprises in the 3 respective places. Aside from data concerning the progress of the overhaul work in the past 2+ years in terms of setting up concrete indices for performance, clarifying goals of the enterprises, and extending the system of economic responsibility, all 3 papers mention an educational program for the staff and the workers. For example, in Heilongjiang, more than 40 percent of the staff and workers of industries are going to school. In Jinan City, about 40 percent of the economic management cadres now average 2 years younger and more than 20 percent of the leaders of the enterprises have the educational and cultural level of colleges and specialized schools of higher education.

6248

CSO: 4011/81

Statistics

AUTHOR: GONG Yan [1362 1750]

ORG: None

TITLE: "Industrial Production Advanced Steadily Amidst Readjustment in 1982"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 31-32

ABSTRACT: The following special accomplishments of industries in China in 1981 are reported: (1) Plans are successfully completed and the production situation is improving every quarter; (2) The internal structure of industries is becoming more and more reasonable; (3) The structure of products is readjusted and many new products and varieties have been tested and produced. (4) The quality of most products has become basically stable and the number of superior quality products is growing; (5) The structure of enterprises has been preliminarily readjusted to close or to convert a group of ~~small factories producing~~ poor quality products, consuming a high amount of energy, or suffering from serious losses. The major problems in 1981 are reported to include: some products are unsuitable for the market; the phenomenon of overstocking is worsening to occupy too much liquid capital asset, the quality of some products is poorer, the cost is higher and the profit is lower. The paper does not offer specific data to substantiate either the advancements or the problems and all discussions are in general terms.

AUTHOR: ZHANG Jiukun [1728 0046 1024]

ORG: None

TITLE: "A Brief Description of Economic Development of Beijing City in 1981"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 35-37

ABSTRACT: In both aspects of readjusting the economy and executing the directives of the Central Party Secretariat regarding the construction policy of the capital, the city of Beijing has produced good accomplishments in 1981. There is an obvious increase of production of consumer goods. The total value of light industry products is 14.5 percent greater than 1980. The direction of service of the heavy industry has changed somewhat. In agricultural production, a severe drought is overcome to bring about a relatively good grain harvest. The urban construction proceeds in a faster pace and the environmental control measures are showing some results. The scale of investment in basic construction has begun to decrease and there is a stepped-up change of the direction of investment; channels of circulation of commodities have increased in number; markets of towns and countries are more prosperous every day; total retail sales grow 11.9 percent over 1980; the income of farmers continues to be somewhat larger; and 127 thousand youths have assigned jobs by the city and the towns. These achievements and some problems of the economy of Beijing in the year 1981 are discussed in some detail.

AUTHOR: YANG Zengwu [2799 2582 2976]

ORG: None

TITLE: "What is Economic Benefit Statistics?"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 39-41

ABSTRACT: Economic benefit means the comparative relationship between the amount of labor consumed or taken over and the qualified or usable fruits of labor produced in the course of material production. In short, it is a ratio of gains and expenses. Fruits of labor are distinguished between material result (use value) and price result [sale value.] Comprehensive statistical indices are generally computed on the basis of price values. Labor consumption includes the actual amount of labor used in the production process and the consumption of labor in terms of materials; the latter include the plant, machinery and equipment, and the necessary raw materials. Economic benefit may express the benefit in terms of labor consumption or it may be divided into the rate of benefit in terms of live labor consumption and the rate of benefit in terms of material-labor consumption. Economic benefits in all these aspects may be reflected quantitatively in a series of statistical indices and may be analyzed statistically. The task of economic benefit statistics with respect to both macro-economics and micro-economics are explained, including computing the comprehensive labor productivity, the comprehensive production expenditure, the national income provided by every 100 yuan of productive

[continuation of TONGJI No 2, 1982 pp 39-41]

accumulation, the energy utilization rate, etc. Various equations are used to illustrate the meaning and implications of these terms and methods of computation.

6248

CSO: 4011/100

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